

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Position
December 31, 2021
(With Summarized Comparative Totals as of December 31, 2020)

| Assets | 2021 | | | | | | 2020 | |
|--|---------------|--------------------|--------------------------------|-------------------------------|---------------------------|------------------------|----------------|---------------|
| | Metro West CD | 1060 Belmont, Inc. | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | GBW Senior Apartments LLC | Herring Brook Hill LLC | Eliminations | Total |
| Current Assets: | | | | | | | | |
| Cash - operating | \$ 688,406 | \$ 14,034 | \$ 38,192 | \$ 14,872 | \$ - | \$ 55,466 | \$ - | \$ 810,970 |
| Cash - construction | - | - | - | 89,118 | 7,893 | - | - | 97,011 |
| Accounts and contracts receivable | 287,362 | - | - | - | - | - | - | 287,362 |
| Program service and rent receivable, net | 3,450 | 3,105 | 623 | 18,321 | - | 1,371 | - | 26,870 |
| Due from related parties | 601,437 | - | 76,072 | 100 | - | - | (677,609) | - |
| Prepaid expenses | 39,818 | 3,813 | 8,431 | 2,236 | - | 4,880 | - | 59,178 |
| Current portion of construction in process and predevelopment costs | - | - | - | - | 1,121,323 | - | - | 1,121,323 |
| Total current assets | 1,620,473 | 20,952 | 123,318 | 124,647 | 1,129,216 | 61,717 | (677,609) | 2,402,714 |
| Reserves | 125,000 | 235,959 | 353,746 | 36,112 | - | 161,442 | - | 912,259 |
| Notes Receivable, net | 900,000 | - | - | - | - | - | (900,000) | - |
| Property Held for Sale, net of accumulated depreciation | 155,076 | - | - | - | - | - | - | 155,076 |
| Property and Equipment: | | | | | | | | |
| Land | - | 420,000 | - | 681,000 | 718,000 | 274,200 | - | 2,093,200 |
| Buildings | - | 1,704,323 | 1,120,655 | 19,781,131 | 19,781,131 | 6,296,090 | (60,851) | 28,841,348 |
| Building and leasehold improvements | - | 2,979,556 | 4,145,925 | 260,400 | - | - | (2,239,318) | 5,235,429 |
| Furniture, fixtures and equipment | 44,903 | 142,675 | 158,370 | 428,575 | - | 66,978 | - | 841,501 |
| Less - accumulated depreciation | 44,903 | 5,246,554 | 5,424,950 | 21,151,106 | 718,000 | 6,637,268 | (2,300,169) | 16,744,529 |
| Net property and equipment | 31,739 | 1,494,682 | 1,150,418 | 45,887 | 718,000 | 357,889 | (121,197) | 2,959,418 |
| | 13,164 | 3,751,872 | 4,274,532 | 21,105,219 | 718,000 | 6,279,379 | (2,178,972) | 14,261,238 |
| Construction in Process and Predevelopment Costs, net of current portion | 202,867 | - | 24,301 | - | - | - | - | 227,168 |
| Capitalized Costs, net | 9,786 | 12,780 | 7,608 | - | - | - | - | 30,174 |
| Total assets | \$ 3,026,366 | \$ 4,021,563 | \$ 4,783,505 | \$ 21,265,978 | \$ 1,847,216 | \$ 6,502,538 | \$ (3,756,581) | \$ 37,690,585 |
| Liabilities and Entities' Equity (Deficit) | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Current portion of mortgage notes payable | \$ 2,600 | \$ 33,437 | \$ 29,574 | \$ - | \$ 720,000 | \$ 23,168 | \$ - | \$ 808,779 |
| Accounts payable and accrued expenses - operating | 87,271 | 79,318 | 51,193 | 31,048 | - | 30,286 | - | 279,116 |
| Accounts payable - development | 72,901 | - | - | 949,026 | 166,906 | - | - | 1,188,833 |
| Current portion of due to related parties | 76,072 | - | 15,373 | 572,139 | 13,025 | 1,000 | - | 3,224,697 |
| Current portion of deferred revenue | 215,397 | - | - | 2,366 | - | - | (677,609) | - |
| Total current liabilities | 454,241 | 112,755 | 96,140 | 1,554,579 | 899,931 | 54,454 | (677,609) | 105,908 |
| Refundable Grant | 59,300 | - | - | - | - | - | - | 59,300 |
| Mortgage Notes Payable, net of current portion | 186,395 | 805,361 | 860,903 | 11,378,287 | 758,717 | 2,532,467 | - | 16,522,130 |
| Deferred Revenue, net of current portion | 59,884 | - | - | - | - | - | - | 59,884 |
| Due to Related Parties, net of current portion | - | 57,431 | 159,314 | - | - | - | (216,745) | - |
| Deferred Interest | - | - | 436,133 | - | - | - | - | 436,133 |
| Paycheck Protection Program Loan | - | - | - | - | - | - | - | 380,889 |
| Conditional Grant Advances | 900,000 | - | - | - | - | 283,702 | - | 82,117 |
| Contingent Debt | - | 2,131,398 | 3,239,517 | 5,301,175 | 200,000 | 2,676,086 | (1,723,148) | 733,702 |
| Total liabilities | 1,659,820 | 3,106,945 | 4,792,007 | 18,234,041 | 1,858,648 | 5,546,709 | (2,617,502) | 32,580,668 |
| Entities' Equity (Deficit): | | | | | | | | |
| Without donor restrictions: | | | | | | | | |
| Operating | 1,272,892 | (115,797) | (19,320) | 2,115 | - | 30,431 | 216,745 | 1,132,270 |
| Development | 68,238 | - | - | - | (11,432) | - | - | 56,806 |
| Property and equipment | (8,541) | 1,030,415 | 10,818 | 3,029,822 | (11,432) | 925,398 | (4,362,414) | 625,498 |
| Total without donor restrictions | 1,332,589 | 914,618 | (8,502) | 3,031,937 | (11,432) | 955,829 | (4,145,669) | 2,069,370 |
| With donor restrictions | 33,957 | - | - | - | - | - | - | 33,957 |
| Total Metro West CD's consolidated entities' equity (deficit) | 1,366,546 | 914,618 | (8,502) | 3,031,937 | (11,432) | 955,829 | (4,145,669) | 2,222,002 |
| Non-controlling interest | - | - | - | - | - | - | 3,006,590 | 161,905 |
| Total entities' equity (deficit) | 1,366,546 | 914,618 | (8,502) | 3,031,937 | (11,432) | 955,829 | (1,139,079) | 2,383,907 |
| Total liabilities and entities' equity (deficit) | \$ 3,026,366 | \$ 4,021,563 | \$ 4,783,505 | \$ 21,265,978 | \$ 1,847,216 | \$ 6,502,538 | \$ (3,756,581) | \$ 37,690,585 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Position
December 31, 2020

| Assets | Metro West CD | 1060 Belmont, Inc. | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | GBW Senior Apartments LLC | Herring Brook Hill LLC | Eliminations | Total |
|---|----------------------|---------------------------|---------------------------------------|--------------------------------------|----------------------------------|-------------------------------|---------------------|---------------|
| Current Assets: | | | | | | | | |
| Cash - operating | \$ 795,388 | \$ 14,804 | \$ 80,135 | \$ - | \$ - | \$ 90,602 | \$ - | \$ 980,929 |
| Cash - construction | - | - | - | 254,529 | 1,510 | - | - | 236,039 |
| Accounts and contracts receivable | 95,845 | - | 769 | - | - | 474 | - | 95,845 |
| Program service and rent receivable, net | 27,600 | 11,261 | 76,072 | 100 | - | - | (809,413) | 40,104 |
| Due from related parties | 333,241 | - | 7,456 | - | - | - | - | - |
| Prepaid expenses | 30,624 | 3,256 | 164,432 | 254,629 | 1,510 | 4,776 | (809,413) | 46,112 |
| Total current assets | 1,682,698 | 29,321 | 339,229 | 7,125 | - | 95,852 | - | 1,419,029 |
| Reserves | 125,000 | 237,126 | - | - | - | 154,039 | - | 862,519 |
| Notes Receivable, net | 435,068 | - | - | - | - | - | (435,068) | - |
| Property Held for Sale, net of accumulated depreciation | 160,853 | - | - | - | - | - | - | 160,853 |
| Property and Equipment: | | | | | | | | |
| Land | - | 420,000 | - | 681,000 | 718,000 | 274,200 | - | 2,093,200 |
| Buildings | - | 1,704,323 | 1,120,655 | - | - | 6,296,090 | (60,851) | 9,060,217 |
| Building and leasehold improvements | - | 2,979,556 | 4,145,925 | - | - | - | (1,890,052) | 5,235,429 |
| Furniture, fixtures and equipment | 44,903 | 139,095 | 104,707 | - | - | 66,978 | - | 355,683 |
| Less - accumulated depreciation | 44,903 | 5,242,974 | 5,371,287 | 681,000 | 718,000 | 6,637,268 | (1,950,903) | 16,744,529 |
| Net property and equipment | 26,412 | 1,374,194 | 999,962 | 681,000 | 718,000 | 190,918 | (108,195) | 2,483,291 |
| Construction in Process and Predevelopment Costs | 18,091 | 3,868,780 | 4,371,325 | 681,000 | 718,000 | 6,446,350 | (1,842,708) | 14,261,238 |
| Capitalized Costs, net | 24,836 | - | 24,301 | 7,925,152 | 701,742 | - | - | 8,676,031 |
| | 13,574 | 16,113 | 8,694 | - | - | - | - | 38,381 |
| Total assets | \$ 2,460,520 | \$ 4,151,340 | \$ 4,907,981 | \$ 8,867,906 | \$ 1,421,252 | \$ 6,696,241 | \$ (3,087,189) | \$ 25,418,051 |
| Liabilities and Entities' Equity (Deficit) | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Current portion of mortgage notes payable | \$ 2,504 | \$ 32,128 | \$ 28,460 | \$ - | \$ - | \$ 21,815 | \$ - | \$ 84,907 |
| Accounts payable and accrued expenses - operating | 60,040 | 40,244 | 38,887 | - | - | 24,989 | - | 164,160 |
| Accounts payable - development | - | - | - | 3,072,377 | 152,320 | - | - | 3,224,697 |
| Current portion of due to related parties | 76,072 | - | 14,926 | 700,405 | - | 18,000 | (809,403) | - |
| Current portion of deferred revenue | 105,908 | - | - | - | - | - | - | 105,908 |
| Total current liabilities | 244,524 | 72,372 | 82,273 | 3,772,782 | 152,320 | 64,804 | (809,403) | 3,579,672 |
| Refundable Grant | 59,300 | - | - | - | - | - | - | 59,300 |
| Mortgage Notes Payable, net of current portion | 127,275 | 836,211 | 885,663 | 2,151,420 | 1,095,309 | 2,554,644 | - | 7,650,522 |
| Deferred Revenue, net of current portion | 460,023 | - | - | - | - | - | - | 460,023 |
| Due to Related Parties, net of current portion | - | 51,726 | 157,754 | - | - | - | (209,480) | - |
| Deferred Interest | - | - | 380,889 | - | - | - | - | 380,889 |
| Paycheck Protection Program Loan | 82,117 | - | - | - | - | - | - | 82,117 |
| Conditional Grant Advances | 450,000 | 2,318,655 | 3,239,517 | 2,926,809 | 185,068 | 283,702 | - | 733,702 |
| Contingent Debt | - | - | - | - | - | 2,681,347 | (1,263,477) | 10,087,919 |
| Total liabilities | 1,423,239 | 3,278,964 | 4,746,096 | 8,851,011 | 1,432,697 | 5,584,497 | (2,282,360) | 23,034,144 |
| Entities' Equity (Deficit): | | | | | | | | |
| Without donor restrictions: | | | | | | | | |
| Operating | 880,039 | (62,649) | 34,547 | 16,895 | (11,445) | 70,863 | 209,470 | 1,132,270 |
| Development | 28,675 | 95,025 | 127,338 | 16,895 | (11,445) | 1,040,881 | (1,176,204) | 5,450 |
| Property and equipment | 908,714 | 872,376 | 161,885 | 16,895 | (11,445) | 1,111,744 | (966,734) | 953,715 |
| Total without donor restrictions | 1,287,428 | 872,376 | 161,885 | 16,895 | (11,445) | 1,111,744 | (966,734) | 2,093,435 |
| With donor restrictions | 128,567 | - | - | - | - | - | - | 128,567 |
| Total Metro West CD's consolidated entities' equity (deficit) | 1,037,281 | - | - | - | - | - | - | 2,222,002 |
| Non-controlling interest | - | - | - | - | - | - | - | 161,905 |
| Total entities' equity (deficit) | 1,037,281 | - | - | - | - | - | - | 2,383,907 |
| Total liabilities and entities' equity (deficit) | \$ 2,460,520 | \$ 4,151,340 | \$ 4,907,981 | \$ 8,867,906 | \$ 1,421,252 | \$ 6,696,241 | \$ (3,087,189) | \$ 25,418,051 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Activities
For the Year Ended December 31, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

| | 2021 | | | | | | 2020 | |
|---|---------------|--------------------|--------------------------------|-------------------------------|---------------------------|------------------------|--------------|--------------|
| | Metro West CD | 1060 Belmont, Inc. | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | GBW Senior Apartments LLC | Herring Brook Hill LLC | Eliminations | Total |
| Operating Revenue and Support Without Donor Restrictions: | | | | | | | | |
| Gross potential residential rental income, net of vacancies | \$ 18,900 | \$ 278,190 | \$ 404,808 | \$ 25,524 | \$ - | \$ 385,915 | \$ - | \$ 1,113,337 |
| Contracts and fees | 304,869 | - | - | - | - | - | - | 304,869 |
| Grants and contributions | 165,063 | - | - | - | - | - | - | 165,063 |
| Commercial rents | 143,151 | - | 52,170 | - | - | (52,170) | - | 143,151 |
| Developer overhead and fees | 416,347 | - | - | - | - | (349,266) | - | 67,081 |
| Program fees and other | 25,898 | 1,436 | 2,539 | 4 | 13 | 55 | - | 5,647 |
| Net assets released from restrictions | 109,610 | - | - | - | - | - | - | 109,610 |
| Total operating revenue and support without donor restrictions | 1,183,838 | 279,626 | 459,517 | 25,528 | 13 | 385,970 | (425,734) | 1,908,758 |
| Operating Expenses: | | | | | | | | |
| Program services: | | | | | | | | |
| Housing Programs | 323,878 | - | - | - | - | - | - | 323,878 |
| Education and Outreach | 26,185 | - | - | - | - | - | - | 26,185 |
| Asset Management | 85,403 | - | - | - | - | - | (59,445) | 25,958 |
| Housing Development | 215,487 | - | - | - | - | - | - | 215,487 |
| Rental Properties | - | 300,820 | 423,118 | 113,969 | - | 374,914 | (24,298) | 1,188,523 |
| Total program services | 650,953 | 300,820 | 423,118 | 113,969 | - | 374,914 | (83,743) | 1,780,031 |
| General and administration | 196,600 | - | - | - | - | - | - | 196,600 |
| Total operating expenses before depreciation and amortization | 847,553 | 300,820 | 423,118 | 113,969 | - | 374,914 | (83,743) | 1,976,631 |
| Depreciation and amortization | 14,892 | 123,821 | 151,542 | 45,887 | - | 166,971 | (13,002) | 490,111 |
| Total operating expenses | 862,445 | 424,641 | 574,660 | 159,856 | - | 541,885 | (96,745) | 2,466,742 |
| Changes in net assets without donor restrictions from operations | 321,393 | (145,015) | (115,143) | (134,328) | 13 | (155,915) | (328,989) | (557,984) |
| Other Revenues (Expenses): | | | | | | | | |
| Debt forgiveness | 173,939 | 187,257 | - | - | - | - | - | 361,196 |
| Recovery on note receivable | 5,261 | - | - | - | - | - | (5,261) | - |
| Deferred interest | - | - | (55,244) | - | - | - | - | (55,244) |
| Construction in process write-off | (76,718) | - | - | - | - | - | - | (76,718) |
| Total other revenues (expenses) | 102,482 | 187,257 | (55,244) | - | - | - | (5,261) | 229,234 |
| Changes in net assets without donor restrictions | 423,875 | 42,242 | (170,387) | (134,328) | 13 | (155,915) | (334,250) | (328,750) |
| Changes in Net Assets With Donor Restrictions: | | | | | | | | |
| Grants | 15,000 | - | - | - | - | - | - | 15,000 |
| Net assets released from program restrictions | (109,610) | - | - | - | - | - | - | (109,610) |
| Changes in net assets | 329,265 | 42,242 | (170,387) | (134,328) | 13 | (155,915) | (334,250) | (86,787) |
| Changes in Net Assets Attributable to Non-Controlling Interest | | | | | | | | |
| Changes in net assets attributable to Metro West CD | \$ 329,265 | \$ 42,242 | \$ (17) | \$ (13) | \$ 13 | \$ (155,915) | \$ (334,250) | \$ (118,675) |
| | | | | | | | | \$ 61,134 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Activities
For the Year Ended December 31, 2020

| | Metro West CD | 1060 Belmont, Inc. | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | Herring Brook Hill LLC | Eliminations | Total |
|---|------------------|-----------------------|-----------------------------------|----------------------------------|---------------------------|--------------|--------------|
| Operating Revenue and Support Without Donor Restrictions: | | | | | | | |
| Gross potential residential rental income, net of vacancies | \$ 18,900 | \$ 260,259 | \$ 399,158 | \$ 8,375 | \$ 363,049 | \$ - | \$ 1,049,741 |
| Contracts | 288,206 | - | - | - | - | - | 288,206 |
| Grants and contributions | 229,538 | - | - | - | - | - | 229,538 |
| Commercial rents | 145,263 | - | 50,650 | - | - | (50,650) | 145,263 |
| Developer overhead and fees | 1,000,486 | - | - | - | - | (871,445) | 129,041 |
| Program fees and other | 65,591 | 7,100 | 3,166 | 1,589 | 188 | (38,326) | 39,308 |
| Total operating revenue and support without donor restrictions | 1,747,984 | 267,359 | 452,974 | 9,964 | 363,237 | (960,421) | 1,881,097 |
| Operating Expenses: | | | | | | | |
| Program services: | | | | | | | |
| Housing Programs | 329,022 | - | - | - | - | - | 329,022 |
| Education and Outreach | 16,334 | - | - | - | - | - | 16,334 |
| Asset Management | 265,737 | - | - | - | - | (221,794) | 43,943 |
| Housing Development | 277,974 | - | - | - | - | - | 277,974 |
| Rental Properties | - | 227,560 | 397,957 | 15,063 | 351,594 | (38,326) | 953,848 |
| Total program services | 889,067 | 227,560 | 397,957 | 15,063 | 351,594 | (260,120) | 1,621,121 |
| General and administration | 138,279 | - | - | - | - | - | 138,279 |
| Total operating expenses before depreciation and amortization | 1,027,346 | 227,560 | 397,957 | 15,063 | 351,594 | (260,120) | 1,759,400 |
| Depreciation and amortization | 14,969 | 132,255 | 147,708 | - | 167,633 | (13,002) | 449,563 |
| Total operating expenses | 1,042,315 | 359,815 | 545,665 | 15,063 | 519,227 | (273,122) | 2,208,963 |
| Changes in net assets without donor restrictions from operations | 705,669 | (92,456) | (92,691) | (5,099) | (155,990) | (687,299) | (327,866) |
| Other Revenues (Expenses): | | | | | | | |
| Debt forgiveness | - | 187,257 | - | - | - | - | 187,257 |
| Recovery on note receivable | 21,591 | - | - | - | - | (21,591) | - |
| Deferred interest | - | - | (55,245) | - | - | - | (55,245) |
| Total other revenues (expenses) | 21,591 | 187,257 | (55,245) | - | - | (21,591) | 132,012 |
| Changes in net assets without donor restrictions | 727,260 | 94,801 | (147,936) | (5,099) | (155,990) | (708,890) | (195,854) |
| Changes in Net Assets With Donor Restrictions: | | | | | | | |
| Grants | 109,067 | - | - | - | - | - | 109,067 |
| Changes in net assets | 836,327 | 94,801 | (147,936) | (5,099) | (155,990) | (708,890) | (86,787) |
| Changes in Net Assets Attributable to Non-Controlling Interest | | | | | | | |
| Changes in net assets attributable to Metro West CD | \$ 836,327 | \$ 94,801 | \$ (15) | \$ (5,099) | \$ (155,990) | \$ (708,890) | \$ 61,134 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statements of Changes in Entities' Equity (Deficit)
For the Years Ended December 31, 2021 and 2020

| | Metro West CD | 1060 Belmont, Inc. | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | GBW Senior Apartments LLC | Herring Brook Hill LLC | Eliminations | Non- Controlling Interest | Total |
|--|------------------|-----------------------|-----------------------------------|----------------------------------|------------------------------|---------------------------|----------------|---------------------------------|--------------|
| Entities' Equity (Deficit), December 31, 2019 | \$ 200,954 | \$ 777,575 | \$ 309,821 | \$ 21,884 | \$ (11,445) | \$ 1,267,734 | \$ (405,665) | \$ 309,836 | \$ 2,470,694 |
| Capital contributions | - | - | - | 110 | - | - | (100) | (10) | - |
| Changes in net assets | 836,327 | 94,801 | (147,936) | (5,099) | - | (155,990) | (560,969) | (147,921) | (86,787) |
| Entities' Equity (Deficit), December 31, 2020 | 1,037,281 | 872,376 | 161,885 | 16,895 | (11,445) | 1,111,744 | (966,734) | 161,905 | 2,383,907 |
| Capital contributions | - | - | - | 3,149,370 | - | - | (3,149,370) | 3,149,370 | 3,149,370 |
| Changes in net assets | 329,265 | 42,242 | (170,387) | (134,328) | 13 | (155,915) | (29,565) | (304,685) | (423,360) |
| Entities' Equity (Deficit), December 31, 2021 | \$ 1,366,546 | \$ 914,618 | \$ (8,502) | \$ 3,031,937 | \$ (11,432) | \$ 955,829 | \$ (4,145,669) | \$ 3,006,590 | \$ 5,109,917 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2021

| | Metro West CD | 1060 Belmont, Inc. | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | GBW Senior Apartments LLC | Herring Brook Hill LLC | Eliminations | Total |
|--|---------------|--------------------|--------------------------------|-------------------------------|---------------------------|------------------------|--------------|---------------|
| Cash Flows from Operating Activities: | | | | | | | | |
| Changes in net assets | \$ 329,265 | \$ 42,242 | \$ (170,387) | \$ (134,328) | \$ 13 | \$ (155,915) | \$ (334,250) | \$ (423,360) |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: | | | | | | | | |
| Depreciation and amortization | 14,892 | 123,821 | 151,542 | 45,887 | - | 166,971 | (13,002) | 490,111 |
| Interest - amortization of debt issuance costs | - | 2,586 | 4,841 | - | - | 990 | - | 8,417 |
| Bad debt | 7,362 | - | - | - | - | 225 | (7,275) | 312 |
| Debt forgiveness | (173,939) | (187,257) | - | - | - | - | - | (361,196) |
| Deferred interest | - | - | 55,244 | - | - | - | - | 55,244 |
| Construction in process write-off | 27,139 | - | - | - | - | - | - | 27,139 |
| Changes in operating assets and liabilities: | | | | | | | | |
| Accounts and contracts receivable | (191,517) | - | - | - | - | - | - | (191,517) |
| Program service and rent receivable, net | 24,053 | 8,156 | 146 | (18,321) | - | (1,122) | - | 12,912 |
| Due to (from) related parties | 124,539 | 5,705 | 2,007 | - | - | (17,000) | (115,251) | - |
| Prepaid expenses | (9,194) | (557) | (975) | (2,236) | - | (104) | - | (13,066) |
| Accounts payable and accrued expenses - operating | 27,231 | 39,074 | 12,306 | 31,048 | - | 5,297 | - | 114,956 |
| Deferred revenue | (290,650) | - | - | 2,366 | - | - | - | (288,284) |
| Net cash provided by (used in) operating activities | (110,819) | 33,770 | 54,724 | (75,584) | 13 | (658) | (469,778) | (568,332) |
| Cash Flows from Investing Activities: | | | | | | | | |
| Issuance of notes receivable | (464,932) | - | - | - | - | - | 464,932 | - |
| Acquisition of property and equipment | - | (3,580) | (53,663) | (14,668,305) | - | - | 349,266 | (14,376,282) |
| Debt issuance costs | (132,269) | - | - | (117,088) | - | - | - | (117,088) |
| Acquisition of construction in progress | (597,201) | (3,580) | (53,663) | (14,785,393) | (404,995) | - | (404,995) | (15,030,634) |
| Net cash used in investing activities | (1,267,402) | (7,160) | (111,316) | (15,580,786) | (809,990) | - | (814,198) | (17,473,742) |
| Cash Flows from Financing Activities: | | | | | | | | |
| Payments on mortgage notes payable | (2,512) | (32,127) | (28,487) | - | - | (21,814) | - | (84,940) |
| Proceeds from mortgage notes payable | 61,728 | - | - | 9,343,955 | 383,408 | - | - | 9,789,091 |
| Paycheck Protection Program Loan proceeds | 91,822 | - | - | - | 14,932 | - | (464,922) | 91,822 |
| Proceeds on contingent debt | 450,000 | - | - | 5,523,736 | - | (5,261) | - | 5,523,746 |
| Payment of contingent debt | - | - | - | (128,266) | 13,025 | - | - | 5,261 |
| Due to (from) related parties | 601,038 | (32,127) | (28,487) | (14,739,425) | 411,365 | (27,075) | (344,420) | 115,241 |
| Net cash provided by (used in) financing activities | (106,982) | (1,937) | (27,426) | (121,552) | 6,383 | (27,733) | - | (279,247) |
| Net Change in Cash and Restricted Cash | | | | | | | | |
| Cash and Restricted Cash: | | | | | | | | |
| Beginning of year | 920,388 | 251,930 | 419,364 | 261,654 | 1,510 | 244,641 | - | 2,099,487 |
| End of year | \$ 813,406 | \$ 249,993 | \$ 391,938 | \$ 140,102 | \$ 7,893 | \$ 216,908 | \$ - | \$ 1,820,240 |
| Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position: | | | | | | | | |
| Cash - operating | \$ 688,406 | \$ 14,034 | \$ 38,192 | \$ 14,872 | \$ - | \$ 55,466 | \$ - | \$ 810,970 |
| Cash - construction | - | - | 353,746 | 89,118 | 7,893 | - | - | 97,011 |
| Reserves | 125,000 | 235,959 | - | 36,112 | - | 161,442 | - | 912,259 |
| Total cash and restricted cash | \$ 813,406 | \$ 249,993 | \$ 391,938 | \$ 140,102 | \$ 7,893 | \$ 216,908 | \$ - | \$ 1,820,240 |
| Supplemental Disclosure of Cash Flow Information: | | | | | | | | |
| Cash paid for interest and capitalized interest | \$ 4,243 | \$ 35,234 | \$ 37,355 | \$ 171,016 | \$ 25,200 | \$ 148,657 | \$ - | \$ 421,705 |
| Accounts payable - development | \$ 72,901 | \$ - | \$ - | \$ 949,026 | \$ 166,906 | \$ - | \$ - | \$ 1,188,833 |
| Non-Cash Transactions: | | | | | | | | |
| Debt forgiveness on contingent debt | \$ 173,939 | \$ 187,257 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 361,196 |
| Capital contributions converted from mortgage notes payable | - | - | - | \$ 3,149,370 | - | - | - | \$ 3,149,370 |
| Construction in process transferred to property and equipment | - | - | - | 7,925,152 | - | - | - | 7,925,152 |
| Total non-cash transactions | \$ 173,939 | \$ 187,257 | \$ - | \$ 11,074,522 | \$ - | \$ - | \$ - | \$ 11,435,718 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2020

| | Metro West CD | 1060 Belmont, Inc. | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | GBW Senior Apartments LLC | Herring Brook Hill LLC | Eliminations | Total |
|--|---------------|--------------------|--------------------------------|-------------------------------|---------------------------|------------------------|--------------|--------------|
| Cash Flows from Operating Activities: | | | | | | | | |
| Changes in net assets | \$ 836,327 | \$ 94,801 | \$ (147,936) | \$ (5,099) | \$ - | \$ (155,990) | \$ (708,890) | \$ (86,787) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | | | | | | | |
| Depreciation and amortization | 14,969 | 132,255 | 147,708 | - | - | 167,633 | (13,002) | 449,563 |
| Interest- amortization of debt issuance costs | - | 2,585 | 4,840 | - | - | 990 | - | 8,415 |
| Bad debt | 178,389 | 6,822 | - | 6,596 | - | 7,228 | (171,144) | 27,891 |
| Debt forgiveness | (21,591) | (187,257) | - | - | - | - | 21,591 | (187,257) |
| Recovery on notes receivable | - | - | 55,245 | - | - | - | - | 55,245 |
| Deferred interest | - | - | - | - | - | - | - | - |
| Changes in operating assets and liabilities: | | | | | | | | |
| Accounts and contracts receivable | (95,845) | - | - | - | - | - | - | (95,845) |
| Program service and rent receivable, net | 12,928 | (10,481) | (769) | 1,665 | - | (867) | - | 2,976 |
| Due to (from) related parties | (413,246) | 10,525 | 11,613 | - | - | 18,000 | 373,108 | - |
| Prepaid expenses | (5,715) | (322) | (581) | - | - | - | (4,598) | (11,216) |
| Accounts payable and accrued expenses | (5,884) | 7,121 | 770 | (1,600) | 37,295 | 5,457 | - | 43,159 |
| Deferred revenue | 183,074 | - | - | - | - | - | - | 183,074 |
| Net cash provided by operating activities | 683,406 | 56,049 | 70,890 | 1,562 | 37,295 | 38,353 | (498,337) | 389,218 |
| Cash Flows from Investing Activities: | | | | | | | | |
| Issuance of note receivable | (267,882) | - | - | - | - | - | 267,882 | - |
| Repayment of note receivable | 75,591 | - | - | - | - | - | (75,591) | - |
| Investment in property held for sale | (5,799) | - | - | - | - | - | - | (5,799) |
| Acquisition of property and equipment | - | (34,565) | - | - | - | (286,566) | 871,445 | 550,314 |
| Acquisition of construction in process | (24,836) | - | - | (4,054,516) | (233,292) | - | - | (4,312,644) |
| Net cash used in investing activities | (222,926) | (34,565) | - | (4,054,516) | (233,292) | (286,566) | 1,063,736 | (3,768,129) |
| Cash Flows from Financing Activities: | | | | | | | | |
| Net payments on mortgage notes payable | (89,213) | (30,869) | (27,414) | (992,541) | - | (15,130) | - | (1,155,167) |
| Proceeds from mortgage notes payable | 132,000 | - | - | 2,151,420 | 107,603 | 570,089 | - | 2,961,112 |
| Proceeds on contingent debt | 82,117 | - | - | - | - | - | - | 82,117 |
| Proceeds from conditional grant advances | - | - | - | 2,455,411 | 89,280 | 175,147 | (267,882) | 2,451,956 |
| Cash paid for financing fees | - | - | - | - | - | (75,591) | 75,591 | - |
| Due to (from) related parties | - | - | - | 700,305 | - | (327,197) | (373,108) | - |
| Net cash provided by (used in) financing activities | 124,904 | (30,869) | (27,414) | 4,314,595 | 196,883 | 327,318 | (565,399) | 4,340,018 |
| Net Change in Cash and Restricted Cash - Operating | 585,384 | (9,385) | 43,476 | 261,641 | 886 | 79,105 | - | 961,107 |
| Cash and Restricted Cash - Operating: | | | | | | | | |
| Beginning of year | 335,004 | 261,315 | 375,888 | 13 | 624 | 165,536 | - | 1,138,380 |
| End of year | \$ 920,388 | \$ 251,930 | \$ 419,364 | \$ 261,654 | \$ 1,510 | \$ 244,641 | \$ - | \$ 2,099,487 |
| Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position: | | | | | | | | |
| Cash - operating | \$ 795,388 | \$ 14,804 | \$ 80,135 | \$ - | \$ - | \$ 90,602 | \$ - | \$ 980,929 |
| Cash - construction | - | - | - | 254,529 | 1,510 | - | - | 256,039 |
| Reserves | 125,000 | 237,126 | 339,229 | 7,125 | - | 154,039 | - | 862,519 |
| Total cash and restricted cash | \$ 920,388 | \$ 251,930 | \$ 419,364 | \$ 261,654 | \$ 1,510 | \$ 244,641 | \$ - | \$ 2,099,487 |
| Supplemental Disclosure of Cash Flow Information: | | | | | | | | |
| Cash paid for interest | \$ 5,485 | \$ 36,492 | \$ 38,428 | \$ 20 | \$ - | \$ 148,657 | \$ - | \$ 229,082 |
| Accounts payable - development | \$ - | \$ - | \$ - | \$ 3,072,377 | \$ 110,557 | \$ - | \$ - | \$ 3,182,934 |
| Non-Cash Transactions: | | | | | | | | |
| Debt forgiveness on contingent debt | \$ - | \$ 187,257 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 187,257 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

| | 2021 | | | | | | | | | | 2020 | | | |
|---|------------------|------------------------|------------------|---------------------|------------------------|----------------------------|---------------------|--------------------|--------------------------------|-------------------------------|------------------------|--------------|--------------|--------------|
| | Program Services | | | | | Metro West CD | | | | | Rental Properties | | | |
| | Housing Programs | Education and Outreach | Asset Management | Housing Development | Total Program Services | General and Administration | Total Metro West CD | 1060 Belmont, Inc. | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | Herring Brook Hill LLC | Eliminations | Total | Total |
| Operating Expenses: | | | | | | | | | | | | | | |
| Personnel and related: | | | | | | | | | | | | | | |
| Salaries | \$ 212,023 | \$ 7,232 | \$ 6,617 | \$ 152,415 | \$ 378,287 | \$ 63,675 | \$ 441,962 | \$ 35,007 | \$ 69,442 | \$ 5,179 | \$ 44,322 | \$ - | \$ 595,912 | \$ 555,581 |
| Payroll taxes and fringe benefits | 31,048 | 1,942 | 1,885 | 20,908 | 55,783 | 8,289 | 64,072 | 9,381 | 21,944 | - | 5,564 | - | 100,961 | 79,719 |
| Contract labor | 8,732 | 8,732 | 8,732 | 18,565 | 44,761 | 46,214 | 90,975 | - | - | 1,444 | - | - | 92,419 | 102,158 |
| Total personnel and related | 251,803 | 17,906 | 17,234 | 191,888 | 478,831 | 118,178 | 597,009 | 44,388 | 91,386 | 6,623 | 49,886 | - | 789,292 | 737,458 |
| Occupancy: | | | | | | | | | | | | | | |
| Interest | - | - | - | 4,243 | 4,243 | - | 4,243 | 35,234 | 37,355 | 31,280 | 156,965 | - | 265,077 | 229,082 |
| Maintenance | 389 | 43 | 43 | 3,141 | 3,616 | 130 | 3,746 | 99,151 | 69,571 | 2,202 | 49,327 | - | 223,997 | 156,914 |
| Utilities | - | - | - | 399 | 399 | - | 399 | 46,646 | 57,586 | 7,868 | 44,962 | - | 157,461 | 128,864 |
| Rent | 38,579 | 4,287 | 4,287 | 25,718 | 72,871 | 13,044 | 85,915 | - | - | - | - | - | 85,915 | 77,786 |
| Property insurance | 7,187 | 799 | 894 | 4,940 | 13,820 | 2,396 | 16,216 | 11,255 | 27,544 | 4,267 | 18,922 | - | 78,204 | 61,902 |
| Taxes | - | - | - | 2,772 | 2,772 | - | 2,772 | 12,356 | 38,712 | - | 13,944 | - | 67,784 | 60,389 |
| Condo fees | - | - | - | 1,560 | 1,560 | - | 1,560 | - | 23,916 | - | - | - | 25,476 | 29,462 |
| Total occupancy | 46,155 | 5,129 | 5,224 | 42,773 | 99,281 | 15,570 | 114,851 | 204,642 | 254,684 | 45,617 | 284,120 | - | 903,914 | 744,399 |
| Other: | | | | | | | | | | | | | | |
| Professional fees | 3,783 | 728 | 2,028 | 19,437 | 25,976 | 35,023 | 60,999 | 10,301 | 17,142 | 19,385 | 5,962 | - | 113,789 | 91,524 |
| Office and other | 16,323 | 1,466 | 837 | 4,961 | 23,587 | 18,134 | 41,721 | 10,717 | 7,297 | 39,235 | 7,580 | - | 106,550 | 38,948 |
| Property management fee | - | - | - | - | - | - | - | 15,397 | 21,960 | 483 | 21,396 | - | 59,236 | 55,241 |
| Supplies | 5,165 | 393 | 485 | 2,756 | 8,799 | 3,038 | 11,837 | 4,292 | 7,090 | - | - | - | 23,219 | 22,252 |
| Miscellaneous | 649 | 563 | 63 | 592 | 1,867 | 6,657 | 8,524 | 3,097 | 3,345 | 2,626 | 1,230 | - | 18,822 | 25,091 |
| Interest - amortization of debt issuance costs | - | - | - | - | - | - | - | 2,586 | 4,841 | - | 990 | - | 8,417 | 8,415 |
| Bed debt | - | - | 7,362 | - | 7,362 | - | 7,362 | - | - | - | 225 | (7,275) | 27,891 | 27,891 |
| Asset management fees | - | - | - | - | - | - | - | 5,400 | 15,373 | - | 3,525 | (24,298) | 8,181 | 8,181 |
| Commercial rent | - | - | 52,170 | - | 52,170 | - | 52,170 | - | - | - | - | (52,170) | - | - |
| Total other | 25,920 | 3,150 | 62,945 | 27,746 | 119,761 | 62,852 | 182,613 | 51,790 | 77,048 | 61,729 | 40,908 | (83,743) | 330,345 | 277,543 |
| Total operating expenses before depreciation and amortization | 323,878 | 26,185 | 85,403 | 262,407 | 697,873 | 196,600 | 894,473 | 300,820 | 423,118 | 113,969 | 374,914 | (83,743) | 2,023,551 | 1,759,400 |
| Depreciation and amortization | 6,273 | 276 | 276 | 7,595 | 14,420 | 472 | 14,892 | 123,821 | 151,542 | 45,887 | 166,971 | (13,002) | 490,111 | 449,563 |
| Less - capitalized costs | 330,151 | 26,461 | 85,679 | 270,002 | 712,293 | 197,072 | 909,365 | 424,641 | 574,660 | 159,856 | 541,885 | (96,745) | 2,513,662 | 2,208,963 |
| Total operating expenses | \$ 330,151 | \$ 26,461 | \$ 85,679 | \$ 223,082 | \$ 665,373 | \$ 197,072 | \$ 862,445 | \$ 424,641 | \$ 574,660 | \$ 159,856 | \$ 541,885 | \$ (96,745) | \$ 2,466,742 | \$ 2,208,963 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2020

| | MetroWest CD | | | | | | Rental Properties | | | | | | Total |
|---|------------------|------------------------|------------------|----------------------------|------------------------|---------------------|--------------------------------|-------------------------------|------------------------|--------------|------|------|--------------|
| | Program Services | | | General and Administration | | | 1060 Belmont, Inc. | | | Eliminations | | | |
| | Housing Programs | Education and Outreach | Asset Management | Housing Development | Total Program Services | Total Metro West CD | St. Joseph Hall Apartments LLC | Glen Brook Way Apartments LLC | Herring Brook Hill LLC | Eliminations | | | |
| Operating Expenses: | | | | | | | | | | | | | |
| Personnel and related: | | | | | | | | | | | | | |
| Salaries | \$ 199,720 | \$ 1,029 | \$ 23,494 | \$ 168,221 | \$ 392,464 | \$ 430,303 | \$ 56,939 | \$ - | \$ 42,887 | \$ - | \$ - | \$ - | \$ 555,581 |
| Payroll taxes and fringe benefits | 22,768 | 927 | 2,702 | 18,386 | 44,783 | 52,064 | 15,981 | - | 5,333 | - | - | - | 79,719 |
| Contract labor | 32,338 | 6,362 | 6,362 | 25,713 | 70,775 | 102,158 | - | - | - | - | - | - | 102,158 |
| Total personnel and related | 254,826 | 8,318 | 32,558 | 212,320 | 508,022 | 584,525 | 72,920 | - | 48,220 | - | - | - | 737,458 |
| Occupancy: | | | | | | | | | | | | | |
| Interest | - | - | - | 4,903 | 4,903 | 5,485 | 38,428 | 20 | 148,657 | - | - | - | 229,082 |
| Maintenance | 289 | 32 | 32 | 3,531 | 3,884 | 4,136 | 72,302 | 354 | 25,764 | - | - | - | 156,914 |
| Utilities | - | - | - | 22 | 22 | 22 | 50,084 | 501 | 48,242 | - | - | - | 128,864 |
| Rent | 35,004 | 3,889 | 3,889 | 23,336 | 66,118 | 77,786 | - | - | - | - | - | - | 77,786 |
| Property insurance | 3,738 | 415 | 420 | 2,682 | 7,255 | 8,501 | 25,078 | - | 18,190 | - | - | - | 61,902 |
| Taxes | - | - | - | 2,765 | 2,765 | 2,765 | 38,016 | 7,573 | - | - | - | - | 60,389 |
| Condo fees | - | - | - | 1,560 | 1,560 | 1,560 | 27,902 | - | - | - | - | - | 29,462 |
| Total occupancy | 39,031 | 4,336 | 4,341 | 38,799 | 86,507 | 100,255 | 251,810 | 8,448 | 240,853 | - | - | - | 744,399 |
| Other: | | | | | | | | | | | | | |
| Professional fees | 20,575 | 2,153 | 1,653 | 17,152 | 41,533 | 60,168 | 16,822 | - | 5,067 | - | - | - | 91,524 |
| Office and other | 6,417 | 163 | 207 | 1,503 | 8,290 | 20,248 | 6,433 | - | 7,613 | - | - | - | 38,948 |
| Property management fee | - | - | - | - | - | - | 21,302 | - | 20,510 | - | - | - | 55,241 |
| Supplies | 5,785 | 381 | 281 | 2,301 | 8,748 | 13,272 | 5,266 | - | - | - | - | - | 22,252 |
| Miscellaneous | 1,388 | 983 | 3,264 | 1,179 | 6,814 | 11,658 | 3,638 | 19 | 3,113 | - | - | - | 25,091 |
| Interest - amortization of debt issuance costs | - | - | - | - | - | - | 4,840 | - | 990 | - | - | - | 8,415 |
| Bad debt | - | - | 172,783 | 4,720 | 177,503 | 178,389 | - | 6,596 | 7,228 | (171,144) | - | - | 27,891 |
| Asset management fees | 1,000 | - | - | 1,000 | 8,181 | 8,181 | 14,926 | - | 18,000 | (38,326) | - | - | 8,181 |
| Commercial rent | - | - | - | - | 50,650 | 50,650 | - | - | - | (50,650) | - | - | - |
| Total other | 35,165 | 3,680 | 228,838 | 26,855 | 294,538 | 342,566 | 73,227 | 6,615 | 62,521 | (260,120) | - | - | 277,543 |
| Total operating expenses before depreciation and amortization | 329,022 | 16,334 | 265,737 | 277,974 | 889,067 | 1,027,346 | 397,957 | 15,063 | 351,594 | (260,120) | - | - | 1,759,400 |
| Depreciation and amortization | 2,108 | 234 | 234 | 11,690 | 14,266 | 14,969 | 147,708 | - | 167,633 | (13,002) | - | - | 449,563 |
| Total operating expenses | \$ 331,130 | \$ 16,568 | \$ 265,971 | \$ 289,664 | \$ 903,333 | \$ 1,042,315 | \$ 545,665 | \$ 15,063 | \$ 519,227 | \$ (273,122) | - | - | \$ 2,208,963 |

The accompanying notes are an integral part of these consolidating statements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS

Operations

Metro West Collaborative Development, Inc. (Metro West CD) was formed in 1991 to address the shrinking supply of affordable housing in our community. Metro West CD has a twenty-three-town target area including: Bedford, Belmont, Bolton, Boxborough, Brookline, Concord, Framingham, Hudson, Lexington, Lincoln, Littleton, Medway, Natick, Needham, Newton, Norwell, Stow, Sudbury, Waltham, Watertown, Wayland, Wellesley, and Weston, Massachusetts. This list may be modified from time to time by the Board of Directors to respond to unique community needs or opportunities. The mission of Metro West CD is to organize residents, mobilize resources, and identify ideas that improve the quality of life for residents of Metro West communities.

We accomplish this by:

- 1) Creating and preserving affordable homes;
- 2) Supporting economic development that strengthens neighborhoods, towns and our region; and
- 3) Building alliances with partners and constituencies throughout the region in order to increase awareness and build support for community development.

The accompanying consolidating financial statements also include the following subsidiaries:

Rental Programs

1060 Belmont, Inc.

1060 Belmont, Inc. (1060 Belmont) is a nonprofit organization established in March 2010 to own, develop, manage, and lease eighteen residential units of affordable housing in Watertown, Massachusetts (the Property). Metro West CD appoints 1060 Belmont's Board of Directors.

St. Joseph Hall Apartments LLC

St. Joseph Hall Apartments LLC (SJHA) is a Massachusetts limited liability company which was organized on May 22, 2013, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of twenty-five units of elderly rental housing and two commercial units located in Watertown, Massachusetts (St. Joseph Hall). SJHA is owned 99.99% by an outside investor.

Glen Brook Way Apartments LLC

Glen Brook Way Apartments LLC (Glen Brook Way Apartments) is a Massachusetts limited liability company which was organized on May 22, 2017, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of forty-eight units of low-income housing located in Medway, Massachusetts (Glen Brook Way Phase I). Glen Brook Way Apartments was previously a single member LLC wholly-owned by Metro West CD. During 2021, Massachusetts Housing Equity Fund XXV LLC (MHEF) was admitted as an investor member with 99.99% share in the capital, income, losses, and cash flows of Glen Brook Way Apartments. MHEF committed a total of \$8,998,200 in capital contributions to Glen Brook Way Apartments, of which \$3,149,370 was originally made as a loan and converted to equity in 2021 (see Note 7).

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Operations (Continued)

Rental Programs (Continued)

GBW Senior Apartments LLC

GBW Senior Apartments LLC (GBW Senior Apartments) is a Massachusetts limited liability company which was organized on July 27, 2018, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of forty-four units of senior low-income housing located in Medway, Massachusetts (Glen Brook Way Phase II). GBW Senior Apartments is a single member LLC wholly-owned by Metro West CD.

Herring Brook Hill LLC

Herring Brook Hill LLC (Herring Brook Hill) is a Massachusetts limited liability company which was organized on May 31, 2018, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of eighteen units of elderly rental housing located in Norwell, Massachusetts (Norwell Project). Herring Brook Hill is a single member LLC wholly-owned by Metro West CD.

Managing Member Entities

GBW One MM LLC

GBW One MM LLC (GBW One) is a Massachusetts limited liability company. GBW One has a 0.01% interest in the capital, income, losses, credits, and cash flow of Glen Brook Way Apartments as its managing member. MWCD holds a 79% interest in GBW One.

SJH, LLC

SJH, LLC is a Massachusetts limited liability company. SJH, LLC has a 0.01% interest in the capital, income, losses, credits, and cash flow of SJHA as its managing member. Metro West CD holds a 79% interest in SJH, LLC.

Nonprofit Status

Metro West CD and 1060 Belmont are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Metro West CD and 1060 Belmont are also exempt from state income taxes. Donors may deduct contributions made to Metro West CD and 1060 Belmont within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Metro West CD and its Subsidiaries (collectively, the Organization) prepare their consolidating financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Consolidation

The consolidating financial statements include the accounts of Metro West CD, its wholly-owned and majority-owned subsidiaries, and certain limited liability companies that own and operate real estate developments sponsored by Metro West CD.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation (Continued)

All significant balances between classes of net assets, intercompany balances and transactions have been eliminated in the accompanying consolidating financial statements. The accompanying consolidating financial statements do not include the non-controlling interest in the Managing Member entities, since the amounts are not material to the accompanying consolidating financial statements.

Cash and Cash Equivalents and Concentration of Credit Risk

The Organization considers all checking, money market, and savings accounts and certificates of deposit with an initial maturity of three months or less to be cash and cash equivalents. Those highly liquid resources that are generally not available for current operations or otherwise restricted are classified as restricted deposits (see Note 10). For the purpose of the consolidating statements of cash flows, cash and reserves include cash and cash equivalents and restricted deposits with an initial maturity of three months or less.

The Organization maintains its cash balances in high credit quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures balances at each financial institution up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Organization has not experienced any losses in such accounts. The Organization periodically assesses the financial condition of these financial institutions and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding (see Note 6) using the straight-line method, which approximates the effective interest method.

Revenue Recognition

The Organization generally measures revenue for qualifying exchange transactions based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance.

The Organization evaluates its revenue contracts with customers (i.e. developer fee and service fee contracts) based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The Organization has several contracts to provide affirmative marketing, compliance monitoring and other housing services, as outlined in the respective contracts. These agreements, which are reciprocal transactions, are accounted for under the guidance of Topic 606 and included in the contracts and fees on the accompanying consolidating statements of activities. Generally, the transaction price is defined in the agreements and is based on fixed rates for satisfying the various performance obligations outlined in the contracts. The Organization recognizes revenue under these contracts over time as the related services are provided or upon completion of certain milestones, as defined in the agreements. Payments received in advance of revenue earned results in a contract liability. At December 31, 2021 and 2020, there were no contract liabilities relating to these agreements.

The Organization was awarded contracts to provide emergency rental assistance to eligible tenants who struggled to pay rent during the COVID-19 pandemic. The Organization received \$3,056,246 and \$1,868,929 during 2021 and 2020, respectively, from local governments and passed it to the tenants to assist with rental payments. The revenue received was netted with the expense in the accompanying consolidating financial statements as Metro West CD is acting solely as a pass-through agent and bears no economic loss. The Organization earned an administrative fee to provide these services in the amount of \$136,200 and \$172,300, which are included in contracts and fees in the accompanying consolidating statements of activities for the years ended December 31, 2021 and 2020, respectively. The transaction price is specified in the contracts and is based on the number of applicants enrolled. The Organization recognizes revenue under these contracts over time as the related services are provided.

Program fees represent charges to individuals using the Organization's services as well as fees with related parties (see Note 11). Services are generally provided on an annual basis subject to separate agreements that renew annually at the election of the parties or under aspects of operating agreements that govern the operations of certain affiliates. Such service is considered a single performance obligation and is satisfied evenly over the year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Developer fees are earned by the Organization in its role as sponsor and developer of its affiliates' (see Note 11) projects. Developer fees are generally earned under written developer agreements executed with the affiliates that detail the rights and responsibilities of both parties under each project development agreement. The agreements define the scope of activities to be provided by the Organization and generally include supervising and coordinating project projections, overseeing the construction and/or rehabilitation, obtaining the necessary permitting, and overseeing and coordinating any reporting requirements of the project. These activities under the agreement are considered a single performance obligation as the services provided are not considered to be distinct within the context of the agreement. The Organization determined the services within the agreement are highly interdependent with each other and comprise an integrated series of activities associated with the completion of a single real estate development project.

Developer agreements define the fixed compensation to which the Organization is expected to be entitled and a schedule of payments to be made from project development sources or from net cash flow from project operations.

The performance obligations under developer agreements are satisfied over time as the Organization's performance creates or enhances a real estate asset that the affiliate controls. Accordingly, the Organization recognizes revenue from developer agreements over time, as the services are rendered, based on an input method of developer time and effort incurred relative to total expected developer time and effort to complete the contract. Due to the contingent nature of certain developer fees which may be payable from net cash flow from project operations, some are not recognized until received or when collection is assured. See Notes 3 and 11 for required disclosures related to these developer agreements.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note 12).

For contributions that have been recognized prior to adoption of Topic 958, the standard is not required to be retrospectively applied. Prior to the adoption of Topic 958, the Organization had received certain awards for real estate development projects. For those awards, the Organization had assessed the probability of non-compliance with affordability covenants related to such projects as low or remote, and accordingly, recorded such awards as unconditional contribution revenues upon receipt and reported any potential remaining right of return as contingencies (see Note 12).

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Metro West CD was awarded \$50,000 and \$60,000 of Community Investment Tax Credits (CITC) from the Department of Housing and Community Development (DHCD) in 2021 and 2020, respectively, to disburse to donors contributing gifts of \$1,000 or more. As of December 31, 2021 and 2020, \$20,188 and \$33,811 of unclaimed credits were available to rollover to 2022 and 2021, respectively. Metro West CD became a United Way CITC Community Partner which allows Metro West CD to pledge up to 50% of its DHCD awarded allocation to their regional fundraising efforts thereby increasing the likelihood that Metro West CD will be able to meet its disbursement goals.

Funds received in advance of the fiscal year in which the initiatives will take place, if any, are recorded as deferred revenue.

Rental income is recognized pro-rata over the life of the related leases and is shown net of related vacancies. Residential leases are signed for a one-year term with annual renewals. Commercial leases with terms beyond one year are included in Note 4. All other revenue is recognized as earned.

Estimates

The preparation of consolidating financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying consolidating statements of activities.

Receivables and Allowance for Doubtful Accounts

Accounts and contracts receivables are stated as unpaid balances at amounts which are expected to be collected. Accounts and contracts receivables reflect the outstanding amount of consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from other organizations and local governments.

Program service and rent receivable, net is stated as unpaid balances less allowances for doubtful accounts. Program service receivables relate to the grants and contracts where the services provided by the Organization are considered nonreciprocal transactions because the Organization's customers receive the benefit as a result of the assets transferred. The Organization provides for losses on these receivables using the allowance method. The allowance is based on experience, payment terms, and other circumstances. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. No allowance for doubtful accounts was recorded as of December 31, 2021. The Organization recorded an allowance for doubtful accounts of approximately \$3,000 as of December 31, 2020, not inclusive of related party allowances (see Note 11).

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

Operating - These represent net assets which are available for operations and bear no external restrictions.

Development - Those assets and liabilities related to the Organization's projects under development that are long-term in nature and are not expected to be liquid or otherwise available for operations for at least one year from the date of the accompanying consolidating statements of financial position.

Property and Equipment - Amounts expended and resources available for property and equipment, financing costs and reserves, net of related debt.

Net Assets With Donor Restrictions

Net assets with donor restrictions include those net resources not yet spent in accordance with donor designations. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes. All net assets with donor restrictions are purpose restricted as of December 31, 2021 and 2020.

Non-Controlling Interests

Non-controlling interests represent the non-controlling interests in SJHA and Glen Brook Way Apartments owned by unrelated investors.

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or at fair market value at the date of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

| | <u>Estimated Useful Lives</u> |
|-------------------------------------|--|
| Buildings | 40 years |
| Building and leasehold improvements | 7 - 40 years |
| Furniture, fixtures and equipment | 5 - 10 years |

Depreciation expense was \$481,904 and \$441,356 for the years ended December 31, 2021 and 2020, respectively. Depreciation expense for 2021 and 2020 includes approximately \$5,500 of depreciation related to property held for sale (see Note 5).

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

During 2020, Metro West CD began exploring a feasibility of a potential development project. Expenses incurred in connection with this project were capitalized and are shown in construction in process and predevelopment costs in the accompanying consolidating statement of financial position as of December 31, 2020. During 2021, after additional costs were incurred, this project was determined unfeasible and \$76,718 of construction in process costs was written off, and is reflected as construction in process write-off in the accompanying 2021 consolidating statement of activities.

During 2019, SJHA began a capital project to replace an elevator. As of December 31, 2021 and 2020, construction in process consisted of emergency repairs and consulting on the capital project. The project was anticipated to be completed during the fall 2020 but has been delayed by the COVID-19 pandemic. This project is anticipated to be completed in the Spring of 2022.

The Organization accounts for carrying value of its long-lived assets in accordance with the requirements of ASC Topic, *Property, Plant and Equipment* under U.S. GAAP. As of December 31, 2021 and 2020, the Organization has not recognized any reduction in the carrying value of its buildings and equipment in consideration of the requirement (other than what is disclosed above).

Capitalized Costs and Amortization

Capitalized costs are being amortized over the related commitment term (see Note 9).

Expense Allocation

The consolidating financial statements present expenses by functional classification in accordance with the overall service mission of the Organization. Each functional classification displays all expenses related to the underlying operations by natural classification. The consolidating financial statements report certain categories of expenses that are attributable to more than one program or supporting function and require an allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and fringe benefits, depreciation, rent, insurance, and other costs, which are allocated based on estimates of time and effort spent on each program or support function. All other expenses are charged on a direct basis to specific programs or functions.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2021 and 2020.

SJHA and Glen Brook Way Apartments are taxed as partnerships. No income tax provision has been included in the consolidating financial statements, as the income, loss and credits are reported by the partners on their respective income tax returns.

Subsequent Events

Subsequent events have been evaluated through May 31, 2022, which is the date the consolidating financial statements were available to be issued. There are two events that met the criteria for disclosure in the consolidating financial statements (see Note 12).

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. DEVELOPMENT

Glen Brook Way Phase I

Metro West CD purchased two parcels of land in Medway, Massachusetts with the purpose to create forty-eight family rental apartments (Glen Brook Way Phase 1) (see Note 1). A Comprehensive Permit was approved in the summer of 2017, and the project received an allocation of Low-Income Housing Tax Credits (LIHTC) and other Commonwealth of Massachusetts, DHCD subsidy programs in March 2020. Construction began in August 2020. The project was placed in service in October 2021 and began to lease the units in November 2021.

Glen Brook Way Phase II

During 2018, Metro West CD purchased two additional properties in Medway, Massachusetts with the purpose of developing forty-four rental apartments for seniors (Glen Brook Way Phase II). The comprehensive permit for Glen Brook Way Phase I was modified in 2018 to include the additional sites. GBW Senior Apartments received an allocation of LIHTC and other Commonwealth of Massachusetts, DHCD subsidy programs in May 2021 (see Note 12). Construction is expected to begin in the summer of 2022.

Hudson Development

During 2021, Metro West CD was designated as the developer of a town-owned site in Hudson, Massachusetts. Metro West CD will work with the Town of Hudson to design, permit, finance and construct approximately forty units of affordable housing on the property. This housing will be owned and operated by a subsidiary of Metro West CD. During 2021, Metro West CD incurred approximately \$203,000 of predevelopment costs, which is included in the accompanying 2021 consolidating statement of financial position as construction in process and predevelopment costs.

Developer and Other Service Fees

The Organization, in its role as sponsor and developer, earns developer fees from each project undergoing rehabilitation. The Organization earned developer fees totaling \$416,347 and \$1,000,486 during the years ended December 31, 2021 and 2020, respectively, which are reflected as developer overhead and fees in the accompanying consolidating statements of activities.

| <u>Project</u> | <u>Total Contract</u> | <u>Recognized Prior to 2021</u> | <u>Recognized During 2021</u> | <u>Remaining Contract Balance</u> |
|-------------------------|-----------------------|---------------------------------|-------------------------------|-----------------------------------|
| Glen Brook Way Phase I | \$ 1,780,000 | \$ 1,035,392 | \$ 416,347 | \$ 328,261 |
| Glen Brook Way Phase II | \$ 1,834,000 | <u>6,378</u> | <u>-</u> | <u>1,827,622</u> |
| | | <u>\$ 1,041,770</u> | <u>\$ 416,347</u> | <u>\$ 2,155,883</u> |

4. LEASE COMMITMENTS

Metro West CD leases an office space under an agreement that expires in August 2024. Metro West CD is responsible for utilities, property taxes, and routine maintenance.

Metro West CD has a Master Lease agreement with SJHA (see Notes 10 and 11) to sublease a commercial space to an unrelated company. The Master Lease agreement expires in 2038 and has an annual increase of 3%.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

4. LEASE COMMITMENTS (Continued)

Future minimum lease payments are as follows:

| | |
|------------|---------------------|
| 2022 | \$ 136,167 |
| 2023 | 139,863 |
| 2024 | 114,295 |
| 2025 | 58,717 |
| 2026 | 60,479 |
| Thereafter | <u>884,068</u> |
| | <u>\$ 1,393,589</u> |

Metro West CD subleases a commercial space it leases from SJHA (see above) to an unrelated company, with monthly rental payments of approximately \$3,000 as of December 31, 2021 and 2020. The sublease term ends in June 2025. Total rental income under this agreement for the years ended December 31, 2021 and 2020, was \$40,493 and \$42,605, respectively, and is included in commercial rents in the accompanying consolidating statements of activities. Based on this agreement, the rental income will average approximately \$42,000 for the next three years and will be approximately \$22,000 in the last year of the lease.

Metro West CD leased space on the roof of St. Joseph Hall to a cell phone company for placement of its equipment. The lease had commenced in July 1999, with an initial term of five years and has automatic renewal for four additional terms of five years each until July 2023. Metro West CD sold the lease and provided an easement to use the space on the roof to a third party. As part of the sale, Metro West CD recognized \$725,000 in deferred revenue, which is being recognized over the life of the former lease term with the cell phone company. Metro West CD recognized \$102,658 of revenue in 2021 and 2020, which is included in commercial rents in the accompanying consolidating statements of activities. The remaining deferred balance on the sale as of December 31, 2021 and 2020, was \$162,542 and \$265,200, respectively, and is included in deferred revenue in the accompanying consolidating statements of financial position.

5. PROPERTY HELD FOR SALE/REFUNDABLE GRANT

Metro West CD purchased an affordable condominium unit (the Project) during 2009 for \$172,848, with the initial intention to resell it. The Project has not been sold and is currently being rented to a tenant under an annual lease agreement. All notes/mortgages associated with the Project will be paid off with the proceeds from the sale. As of December 31, 2021 and 2020, the Project and associated improvement and closing costs, net of accumulated depreciation (\$39,700 and \$33,923 as of December 31, 2021 and 2020, respectively), are shown as property held for sale in the accompanying consolidating statements of financial position. In connection with this purchase, Metro West CD received a refundable grant totaling \$59,300 from the Town of Watertown (the Town). This refundable grant is due to be repaid upon the eventual sale of the Project. Metro West CD also financed this acquisition with a note payable to a bank (see Note 6). Metro West CD began depreciating the Project in 2014, because it is not anticipated to be sold in the near future and is currently in use.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIESNotes to Consolidating Financial Statements
December 31, 2021 and 2020

6. MORTGAGE NOTES PAYABLE

Mortgage notes payable consist of the following at December 31:

| Metro West Collaborative Development, Inc. | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|
| 3.75% note payable to Watertown Savings Bank (WSB) in the original amount of \$132,000. Payments on the note are due in monthly principal and interest installments of \$611 through the date of maturity, February 2050. The note is secured by a first mortgage on the property located at 28 Quimby Street, Watertown, Massachusetts (see Note 5). | \$ 127,267 | \$ 129,779 |
| 3% note payable to Community Economic Development Assistance Corporation (CEDAC) allowing for borrowings up to \$500,000. Proceeds from the note are to be used to finance predevelopment costs of a property in Hudson, Massachusetts (see Note 3). All outstanding principal and accrued interest are payable at the close of construction financing. The note is secured by a first mortgage on the property located at 62 Packard Street, Hudson, Massachusetts. | 61,728 | - |
| 1060 Belmont, Inc. | | |
| 4% note payable to WSB, due in monthly principal and interest installments of \$5,614 through December 2039. Interest expense for this note was \$35,234 and \$36,492 for the years ended December 31, 2021 and 2020, respectively. The note is secured by a first mortgage on the Property. | 863,353 | 895,480 |
| St. Joseph Hall Apartments LLC | | |
| 3.76% mortgage note payable with Dominican Sister of Peace, Inc. Principal and interest are due in monthly installments of \$3,339 through April 1, 2030, at which time a balloon payment of approximately \$384,000 will be due. Interest expense for this note was \$21,706 and \$22,383 for 2021 and 2020, respectively. This note is secured by a second mortgage on St. Joseph Hall. | 567,298 | 585,654 |
| 4% mortgage note payable with Massachusetts Development Finance Agency (MDFA) and WSB related to the issuance of \$450,000 of MDFA Multifamily Housing Revenue Bonds St. Joseph Hall Issue, Series 2013B. Principal and interest are due in monthly installments of \$2,148 through November 1, 2034, at which time a balloon payment of approximately \$212,000 will be due. Interest expense for 2021 and 2020 was \$15,649 and \$16,045, respectively. This note is secured by a first mortgage on St. Joseph Hall. | 385,698 | 395,829 |

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

6. MORTGAGE NOTES PAYABLE (Continued)

| Glen Brook Way Apartments LLC | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|
| <p>Note payable to Eastern Bank (Construction Loan) that allows for borrowings up to \$12,050,000, with a maturity date of August 2022, and a conditional six-months extension option. At maturity date, a maximum of \$5,025,000 will be assigned to Massachusetts Housing Partnership Fund Board (MHP) as the permanent first mortgage and the remaining balance will be paid with the investor capital equity contributions (see Notes 1 and 12). Due to the option to extend past 2022 and the pay-off being funded by capital contributions, this note is presented as a long-term liability as of December 31, 2021. Monthly interest-only payments are paid at a fixed interest rate at the two-year Federal Home Loan Bank of Boston (FHLB) Classic Advance rate plus 200 basis points, with a floor of 3%. Capitalized interest was \$213,405 and \$18,428 at December 31, 2021 and 2020, respectively. This note is secured by a first mortgage on Glen Brook Way Phase I and an assignment of leases and rents and is guaranteed by Metro West CD.</p> | 11,495,375 | 2,151,420 |
| | | |
| GBW Senior Apartments LLC | | |
| <p>7% note payable to CEDAC that allows for borrowings up to \$1,200,000 in connection with predevelopment of Glen Brook Way Phase II. Principal and interest are due at the close of construction financing, which is expected in 2022. Interest in the amount of \$74,770 and \$37,213 was capitalized at December 31, 2021 and 2020, respectively. Accrued interest for this note was \$74,770 and \$37,213 as of December 31, 2021 and 2020, respectively, and is included in accounts payable - development in the accompanying consolidating statements of financial position. This note is secured by a shared first mortgage on the properties and an assignment of leases and rents, and is guaranteed by Metro West CD.</p> | 758,717 | 375,309 |
| <p>3.5% note payable to CEDAC used to acquire two properties in Medway, Massachusetts with the goal to develop affordable housing for senior citizens. Interest only is payable quarterly. Principal and any outstanding interest are due at the maturity date (the earlier of the close of construction financing or August 31, 2022). Interest in the amount of \$50,708 and \$25,620 was capitalized at December 31, 2021 and 2020, respectively. The note places an affordable housing restriction on 50% of the units developed on these properties for the next fifty years. This note is secured by a shared first mortgage on the properties and an assignment of leases and rents, and is guaranteed by Metro West CD.</p> | 720,000 | 720,000 |

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

6. MORTGAGE NOTES PAYABLE (Continued)

| Herring Brook Hill LLC | <u>2021</u> | <u>2020</u> |
|---|----------------------|---------------------|
| 5.95% loan to Eastern Bank, with principal and interest payments of \$14,888 due monthly based on a thirty-five-year amortization schedule. The maturity date is September 14, 2038. Interest expense was \$156,965 and \$148,657 for the years ended December 31, 2021 and 2020, respectively. Accrued interest was \$6,810 and \$6,686 as of December 31, 2021 and 2020, respectively, and is included in accounts payable and accrued expenses - operating in the accompanying consolidating statements of financial position. The note is secured by a first mortgage on the Herring Brook Hill LLC property. | 2,588,056 | 2,609,870 |
| | <u>17,567,492</u> | <u>7,863,341</u> |
| Less - unamortized debt issuance costs for 1060 Belmont, Inc. | 24,555 | 27,141 |
| Less - unamortized debt issuance costs for Glen Brook Way Apartments LLC | 117,088 | - |
| Less - unamortized debt issuance costs for Herring Brook Hill | 32,421 | 33,411 |
| Less - unamortized debt issuance costs for St. Joseph Hall Apartments LLC | 62,519 | 67,360 |
| Less - current portion | <u>808,779</u> | <u>84,907</u> |
| Total mortgage notes payable, net | <u>\$ 16,522,130</u> | <u>\$ 7,650,522</u> |

The debt issuance costs of \$300,231 and \$183,143 as of December 31, 2021 and 2020, respectively, are amortized on the straight-line basis over the term of the loans. Amortization of debt issuance costs was \$8,417 and \$8,415 for the years ended December 31, 2021 and 2020, respectively, and is expected to be the similar for the remainder of the term. The total accumulated amortization of debt issuance costs for 1060 Belmont, SJHA, and Herring Brook Hill as of December 31, 2021 and 2020, was \$63,648 and \$55,232, respectively. The debt issuance costs related to Glen Brook Way Apartments will start being amortized when the permanent loan for the property closes.

The mortgage notes payable contain various covenants and restrictions on the Organization, as described in the agreements. The Organization was in compliance with these covenants as of December 31, 2021 and 2020.

Maturities of mortgage notes payable over the next five years are as follows:

| | |
|------|------------|
| 2022 | \$ 808,779 |
| 2023 | \$ 92,833 |
| 2024 | \$ 96,644 |
| 2025 | \$ 101,509 |
| 2026 | \$ 106,074 |

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

7. CONTINGENT DEBT

Contingent debt consists of the following at December 31:

| 1060 Belmont, Inc. | <u>2021</u> | <u>2020</u> |
|---|-------------|--------------|
| <p>Non-interest bearing note payable to the Commonwealth of Massachusetts, DHCD, under the Tax Credit Exchange Program (TC-X Program). Payments may be due under the note agreement if there is a recapture event pursuant to TC-X Program requirements, as defined in the agreement. The note is secured by a shared second mortgage on the Property. This note is subject to annual debt forgiveness of \$187,257 beginning in 2012, for the next fifteen years, as long as the Property is in compliance with the TC-X Program requirements. The Property was in compliance during 2021 and 2020, and \$187,257 was forgiven in both years. Any amounts outstanding as of December 31, 2021, will be forgiven provided 1060 Belmont is in compliance with the TC-X Program requirements.</p> | \$ 936,287 | \$ 1,123,544 |
| <p>Non-interest bearing note payable to the Town of Watertown (the Town) under the HOME Investment Partnership Program (HOME Program). This note is due in December 2025, but may be fully forgiven at maturity. No payments are due prior to the maturity date provided the Property is operated as affordable housing. The note is secured by a shared second mortgage on the Property.</p> | 760,111 | 760,111 |
| <p>Non-interest bearing note payable to CEDAC. Annual payments are due if gross receipts exceed 105% of gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2040, and is secured by a shared second mortgage on the Property. There were no payments due at December 31, 2021 and 2020.</p> | 435,000 | 435,000 |
| St. Joseph Hall Apartments LLC | | |
| <p>Non-interest bearing mortgage note payable to Massachusetts Housing Partnership Fund under the Capital Improvement and Preservation Fund Program. This note is due in full on February 20, 2054, and is secured by a shared third mortgage on St. Joseph Hall.</p> | 969,296 | 969,296 |
| <p>Mortgage note payable with the Town under the HOME Program. This note bears simple interest at 4.5%. Outstanding principal and interest are due on March 6, 2032. Deferred interest payable on this note was \$334,183 and \$293,504 as of December 31, 2021 and 2020, respectively. This note is secured by a shared third mortgage on St. Joseph Hall.</p> | 903,971 | 903,971 |

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

7. CONTINGENT DEBT (Continued)

| St. Joseph Hall Apartments LLC (Continued) | <u>2021</u> | <u>2020</u> |
|--|--------------------|--------------------|
| Non-interest bearing mortgage note payable with CEDAC under the Housing Innovations Fund (HIF) program. Payments of principal are due in February of each year to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. There were no payments due as of December 31, 2021 and 2020. Outstanding principal is due on February 20, 2044. This note is secured by a shared third mortgage on St. Joseph Hall. | 450,471 | 450,471 |
| Non-interest bearing mortgage note payable with Metro West CD (FHLBB AHP Loan). Outstanding principal is due on August 19, 2028. This note is secured by a fourth mortgage on St. Joseph Hall. | 400,000 | 400,000 |
| Mortgage note payable with the Town under the Affordable Housing Development Fund program. This note bears simple interest at 4.5%. Outstanding principal and interest are due on August 19, 2033. Deferred interest payable on this note was \$101,950 and \$87,385 as of December 31, 2021 and 2020, respectively. This note is secured by a shared third mortgage on St. Joseph Hall. | 323,665 | 323,665 |
| Non-interest bearing mortgage note payable with CEDAC under the Facilities Consolidation Fund. Payments of principal are due in February of each year to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. There were no payments due as of December 31, 2021 and 2020. Outstanding principal is due on February 20, 2044. This note is secured by a shared third mortgage on St. Joseph Hall. | 192,114 | 192,114 |
| Glen Brook Way LLC | | |
| Non-interest bearing mortgage note payable for borrowings originally up to \$650,000 with Metro West CD to develop forty-eight affordable housing units in Medway, Massachusetts on the Glen Brook Way's parcel. This note was amended during 2021 and increased to \$1,100,000. This note matures in December 2069. This note is secured by a shared second mortgage on Glen Brook Way Phase I. | 1,100,000 | 650,000 |
| Non-interest bearing note from DHCD through MHFA under the AHTF program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. There were no payments due as of December 31, 2021 and 2020. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. | 1,000,000 | - |

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

7. CONTINGENT DEBT (Continued)

| Glen Brook Way LLC (Continued) | <u>2021</u> | <u>2020</u> |
|--|--------------------|--------------------|
| Non-interest bearing note with borrowings up to \$1,000,000 from DHCD under the HOME Program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. There were no payments due as of December 31, 2021 and 2020. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. | 900,000 | - |
| Non-interest bearing mortgage note payable with CEDAC under HIF program. Payments of principal are due to the extent that gross cash receipts exceed 50% of excess of gross receipts over gross expenditures, as defined in the agreement. There were no payments due as of December 31, 2021 and 2020. Outstanding principal is due in August 2051 with an option to extend for another ten years. This note is secured by a shared third mortgage on Glen Brook Way. | 750,000 | 477,169 |
| Non-interest bearing note with borrowings up to \$788,245 from DHCD HTF program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. There were no payments due as of December 31, 2021 and 2020. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. | 709,420 | - |
| Non-interest bearing note from CEDAC CBH program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. There were no payments due as of December 31, 2021 and 2020. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. | 630,000 | - |
| Non-interest bearing note from DHCD through MHP under the Housing Stabilization Fund (HSF) program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. There were no payments due as of December 31, 2021 and 2020. This note is due in full in August 2071, and is secured by a shared second mortgage on the Property. | 211,755 | - |
| Non-interest bearing mortgage note payable to MHEF. This note was converted to equity with the admission of MHEF as the Investor Member for Glen Brook Way in January 2021 (see Note 1). This note was secured by a shared third mortgage on Glen Brook Way Phase I and is guaranteed by Metro West CD. | - | 1,799,640 |

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIESNotes to Consolidating Financial Statements
December 31, 2021 and 2020**7. CONTINGENT DEBT (Continued)**

| GBW Senior Apartments LLC | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Non-interest bearing unsecured mortgage note payable from Metro West CD to develop forty-eight affordable housing units in Medway, Massachusetts on the Glen Brook Way's property. This note matures in December 2070. | 200,000 | 185,068 |
| Herring Brook Hill LLC | | |
| Two non-interest bearing notes payable to DHCD under the HSF. Principal is due at maturity on September 14, 2069. These notes are secured by a shared second mortgage on the Property and is guaranteed by Metro West CD. | 1,478,263 | 1,478,623 |
| Non-interest bearing note payable to DHCD under the Affordable Housing Trust Fund (AHTF). Principal is due at maturity on September 14, 2069. During the one-year period prior to the maturity date, the note may be extended for a period of up to the original term. This note is secured by a shared second mortgage on the Property and an assignment of leases and rents, and is guaranteed by Metro West CD. | 628,263 | 628,263 |
| Non-interest bearing note payable to DHCD under the Community-Based Housing Fund program (CBH). Principal is due at maturity on September 14, 2049. The note may be extended for a period of up to ten years. This note is secured by a shared second mortgage on the Property. | 546,412 | 546,412 |
| Non-interest bearing note payable to Metro West CD. Principal is due at maturity on September 14, 2069. This note is unsecured. A payment in the amount of \$5,261 was made towards this note from the remaining construction cash during 2021. | 23,148 | 28,409 |
| | <u>13,548,176</u> | <u>11,351,396</u> |
| Less - eliminations | <u>1,723,148</u> | <u>1,263,477</u> |
| Total contingent debt, net of eliminations | <u>\$ 11,825,028</u> | <u>\$ 10,087,919</u> |

8. PAYCHECK PROTECTION PROGRAM LOANS

Metro West CD applied for, and was awarded, forgivable loans of \$91,822 and \$82,117 during 2021 and 2020, respectively, from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during the covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred until the Small Business Administration (SBA) notifies the lender of the amount of the loan that will be forgiven. There were no covenants with which to comply, and the loans were not secured by any collateral as of December 31, 2021.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

8. PAYCHECK PROTECTION PROGRAM LOANS (Continued)

Both of the PPP loans were fully forgiven by the SBA during 2021, along with corresponding interest. Metro West CD recognized the full amount of \$173,939 as debt forgiveness revenue for the year ended December 31, 2021.

9. CAPITALIZED COSTS

Capitalized costs consist of the following at December 31:

| <u>2021</u> | <u>Metro West CD</u> | <u>1060 Belmont</u> | <u>SJHA</u> | <u>Total</u> |
|--|--------------------------|-------------------------|-----------------|------------------|
| Asset management fee | \$ - | \$ 50,000 | \$ - | \$ 50,000 |
| Low-income housing tax credit application fees | - | - | 16,296 | 16,296 |
| Legal fees | <u>32,514</u> | <u>-</u> | <u>-</u> | <u>32,514</u> |
| | 32,514 | 50,000 | 16,296 | 98,810 |
| Less - accumulated amortization | <u>22,728</u> | <u>37,220</u> | <u>8,688</u> | <u>68,636</u> |
| Capitalized costs, net | <u>\$ 9,786</u> | <u>\$ 12,780</u> | <u>\$ 7,608</u> | <u>\$ 30,174</u> |
| <u>2020</u> | <u>Metro West CD</u> | <u>1060 Belmont</u> | <u>SJHA</u> | <u>Total</u> |
| Asset management fee | \$ - | \$ 50,000 | \$ - | \$ 50,000 |
| Low-income housing tax credit application fees | - | - | 16,296 | 16,296 |
| Legal fees | <u>32,514</u> | <u>-</u> | <u>-</u> | <u>32,514</u> |
| | 32,514 | 50,000 | 16,296 | 98,810 |
| Less - accumulated amortization | <u>18,940</u> | <u>33,887</u> | <u>7,602</u> | <u>60,429</u> |
| Capitalized costs, net | <u>\$ 13,574</u> | <u>\$ 16,113</u> | <u>\$ 8,694</u> | <u>\$ 38,381</u> |

Amortization for Metro West CD was \$3,788 for the years ended December 31, 2021 and 2020. Amortization expense for 1060 Belmont was \$3,333 for the years ended December 31, 2021 and 2020. Amortization expense for SJHA was \$1,086 for the years ended December 31, 2021 and 2020. Amortization expense for the Organization is expected to be \$8,207 annually until fully amortized.

10. RESERVES

Reserves consist of the following at December 31, 2021:

| | <u>Metro West CD</u> | <u>1060 Belmont</u> | <u>SJHA</u> | <u>Glen Brook Way Apartments</u> | <u>Herring Brook Hill</u> | <u>Total</u> |
|------------------------------|--------------------------|-------------------------|-------------------|--|-------------------------------|-------------------|
| Operating reserves | \$ - | \$ 171,838 | \$ 259,140 | \$ - | \$ 147,810 | \$ 578,788 |
| Asset management fee reserve | - | 5,022 | - | - | - | 5,022 |
| Capital needs reserve | - | 59,099 | - | - | - | 59,099 |
| Replacement reserve | - | - | 94,606 | - | 13,632 | 108,238 |
| Interest reserve | - | - | - | 36,112 | - | 36,112 |
| Master lease reserve | <u>125,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>125,000</u> |
| | <u>\$ 125,000</u> | <u>\$ 235,959</u> | <u>\$ 353,746</u> | <u>\$ 36,112</u> | <u>\$ 161,442</u> | <u>\$ 912,259</u> |

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

10. RESERVES (Continued)

Reserves consist of the following at December 31, 2020:

| | <u>Metro West CD</u> | <u>1060 Belmont</u> | <u>SJHA</u> | <u>Glen Brook Way Apartments</u> | <u>Herring Brook Hill</u> | <u>Total</u> |
|---------------------------------|--------------------------|-------------------------|-------------------|--|-------------------------------|-------------------|
| Operating reserves | \$ - | \$ 171,666 | \$ 238,897 | \$ - | \$ 147,759 | \$ 558,322 |
| Asset management fee reserve | - | 5,019 | - | - | - | 5,019 |
| Capital needs reserve | - | 60,441 | - | - | - | 60,441 |
| Replacement reserve | - | - | 100,332 | - | 6,280 | 106,612 |
| Interest reserve | - | - | - | 7,125 | - | 7,125 |
| Master lease reserve | <u>125,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>125,000</u> |
| | <u>\$ 125,000</u> | <u>\$ 237,126</u> | <u>\$ 339,229</u> | <u>\$ 7,125</u> | <u>\$ 154,039</u> | <u>\$ 862,519</u> |

Operating Reserves

Under the provisions of the TC-X Loan agreement, 1060 Belmont is required to maintain an operating reserve to fund future operating deficits. Withdrawals from this reserve require DHCD's approval. 1060 Belmont made no withdrawals from this reserve in 2021 or 2020.

Under the provisions of the operating agreement, SJHA is required to maintain an operating reserve to fund future operating deficits. SJHA is required to maintain a \$300,000 minimum balance in this reserve. The operating reserve was not adequately funded as of December 31, 2021 and 2020.

Under the provisions of the notes payable agreement with Eastern Bank, Herring Brook Hill is required to have an operating reserve account (with the balance equal to the greater of a) six months of operating expenses or b) \$147,713). Six months of operating expenses were approximately \$187,000 and \$176,000 for the years ended December 31, 2021 and 2020, respectively. The operating reserve account was underfunded as of December 31, 2021 and 2020.

Under the provisions of the operating agreement, GBW is required to maintain an operating reserve to fund future operating deficits. The operating reserve is required to be funded with \$207,412 after the close of permanent financing anticipated during 2022.

Asset Management Fee Reserve

1060 Belmont has an asset management fee reserve to fund future asset management services.

Capital Needs Reserve

1060 Belmont has a capital needs reserve to fund future capital improvements to the Property. 1060 Belmont is required to deposit a minimum of \$750 monthly into the reserve account. 1060 Belmont withdrew \$13,278 and \$21,285 from this reserve during 2021 and 2020, respectively, to pay for certain fixed assets additions.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

10. RESERVES (Continued)

Replacement Reserve

Under the provisions of SJHA's operating agreement, SJHA is required to establish and maintain a replacement reserve to fund future capital improvements to St. Joseph Hall. The replacement reserve was adequately funded as of December 31, 2021 and 2020. SJHA withdrew \$22,756 from this reserve during 2021 to pay for certain fixed assets additions. There were no withdrawals made during 2020.

Under the provisions of the notes payable agreement with Eastern Bank, Herring Brook Hill is required to have a replacement reserve account. The replacement reserve was adequately funded as of December 31, 2021 and 2020. There were no withdrawals made during 2021 and 2020.

Under the provisions of its operating agreement, Glen Brook Way Apartments is required to establish and maintain a replacement reserve to fund future capital improvements to its property. The replacement reserve is required to be funded after the close of permanent financing with \$1,400 per month, increasing 5% each year. Permanent financing did not occur prior to December 31, 2021.

Master Lease Reserve

Under the provisions of the Master Lease agreement (see Notes 4 and 11), Metro West CD is required to establish and maintain a reserve to fund future rental payments to SJHA in the event proceeds received from subtenants of the commercial space are insufficient. Deposits are to equal seventy-five percent of the positive difference between the proceeds Metro West CD receives from subtenants of the space and the amount of rent paid by Metro West CD to SJHA. Metro West CD is required to fund this reserve until it reaches a balance of \$125,000. The reserve was fully funded during 2021 and 2020.

11. RELATED PARTY TRANSACTIONS

The Organization's consolidating financial statements include the following entities and related party transactions:

1060 Belmont

1060 Belmont owed Metro West CD \$25,031 and \$24,726 for certain operating expenses as of December 31, 2021 and 2020, respectively. These amounts are included in due to related parties in the accompanying consolidating statements of financial position.

During 2021 and 2020, Metro West CD provided asset management services to 1060 Belmont and received compensation equal to \$300 per unit. Metro West CD earned \$5,400 in asset management fees in 2021 and 2020. As of December 31, 2021 and 2020, \$32,400 and \$27,000, respectively, remained outstanding.

St. Joseph Hall Apartments LLC

Metro West CD provided development and construction management services to SJHA during the acquisition and construction of St. Joseph Hall. Under the terms of the developer agreement, Metro West CD has earned a developer fee and overhead of \$525,262, of which \$74,592 was still outstanding as of December 31, 2021 and 2020. All outstanding amounts shall be payable no later than December 31, 2023.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

11. RELATED PARTY TRANSACTIONS (Continued)

St. Joseph Hall Apartments LLC (Continued)

SJHA owed Metro West CD \$3,867 and \$2,307 for certain operating expenses as of December 31, 2021 and 2020, respectively. These amounts are included in due to related parties in the accompanying consolidating statements of financial position.

SJH, LLC provides management services to SJHA for an annual compensation equal to \$500 per unit. The annual management fee increases 3% each year. SJH, LLC earned \$15,373 and \$14,926 in asset management fees for SJHA for the years ended December 31, 2021 and 2020, respectively. SJH, LLC has subcontracted these services to Metro West CD under the same terms it had with SJHA. SJHA owes Metro West CD \$96,228 and \$95,781 as of December 31, 2021 and 2020, respectively, for these services.

Metro West CD used the proceeds from the HOME Program loaned to SJHA by the Town to pay for requisitions on the roof renovation project on behalf of SJHA. Metro West CD still has \$76,072 additional loan proceeds, which is being held in anticipation of and approval from Massachusetts Housing Investment Corporation (the asset manager for the Investor Member). As of December 31, 2021 and 2020, this amount is included in due to/from related parties in the accompanying consolidating statements of financial position.

SJHA has a Master Lease agreement with Metro West CD under which Metro West CD leases two commercial spaces from SJHA until 2038 (see Note 4). SJHA received rental revenue for the Master Lease of \$52,170 and \$50,650 for the years ended December 31, 2021 and 2020, respectively.

Metro West CD also has a note payable agreement with SJHA (see Note 7).

Glen Brook Way Apartments LLC

Glen Brook Way Apartments owed Metro West CD \$2,400 and \$169,013 for certain costs related to construction, which is included in due from and due to related parties in the accompanying consolidating statements of financial position as of December 31, 2021 and 2020, respectively.

Glen Brook Way Apartments and Metro West CD signed a development services agreement, where Metro West CD will manage the development of Glen Brook Way Phase I and earn a developer fee of \$890,000 and overhead of \$890,000. Metro West CD was paid \$445,000 of developer overhead upon the closing of construction financing for Glen Brook Way Phase I, which occurred in August 2020. The remainder of the overhead was paid to Metro West CD during 2021. As of December 31, 2021, \$1,451,739 of the developer fee and overhead fee has been earned by Metro West CD (see Note 3). Glen Brook Way Apartments owes Metro West CD \$569,739 and \$531,392 as of December 31, 2021 and 2020, respectively, which is included in the current portion of due to related parties in the accompanying consolidating statement of financial position. The entire developer fee is expected to be paid in 2022.

Metro West CD also has a note payable agreement with Glen Brook Way Apartments (see Note 7).

GBW Senior Apartments LLC

Metro West CD has a note payable agreement with GBW Senior Apartments (see Note 7).

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

11. RELATED PARTY TRANSACTIONS (Continued)

GBW Senior Apartments LLC (Continued)

GBW Senior Apartments owed Metro West CD \$13,025 for certain costs related to construction, which is reflected in current portion of due to related parties in the accompanying consolidating statement of financial position as of December 31, 2021. There was no amount owed as of December 31, 2020.

Herring Brook Hill LLC

Herring Brook Hill owes Metro West CD \$1,000 and \$18,000 for certain costs related to operations, which is reflected in current portion of due from and due to related parties in the accompanying consolidating statements of financial position as of December 31, 2021 and 2020, respectively.

Metro West CD also has a note payable agreement for \$23,148 and \$28,409 with Herring Brook Hill at December 31, 2021 and 2020, respectively (see Note 7).

Metro West CD has the following non-interest bearing, unsecured notes receivable with related parties at December 31:

| | <u>2021</u> | <u>2020</u> | <u>Year of Maturity</u> |
|----------------------------|-------------------|-------------------|-------------------------|
| St. Joseph Hall | \$ 400,000 | \$ 400,000 | 2028 |
| Glen Brook Way Apartments | 1,100,000 | 650,000 | 2069 |
| GBW Senior Apartments | 200,000 | 185,068 | 2070 |
| Herring Brook Hill | <u>23,148</u> | <u>28,409</u> | 2069 |
| | 1,723,148 | 1,263,477 | |
| Less - valuation allowance | <u>(823,148)</u> | <u>(828,409)</u> | |
| | <u>\$ 900,000</u> | <u>\$ 435,068</u> | |

The Organization's consolidating financial statements include the following amounts included in due to/from related parties as follows at December 31:

| <u>2021</u> | <u>Developer Fee and Related Interest</u> | <u>Asset Management Fees</u> | <u>Other Operating and Construction Advances</u> | <u>Total</u> |
|----------------------------|---|------------------------------|--|----------------|
| Metro West CD | \$ - | \$ - | \$ 76,072 | \$ 76,072 |
| 1060 Belmont | - | 32,400 | 25,031 | 57,431 |
| SJHA | 74,592 | 96,228 | 3,867 | 174,687 |
| Glen Brook Way Apartments | 569,739 | - | 2,400 | 572,139 |
| Herring Brook Hill | - | - | 1,000 | 1,000 |
| GBW Senior Apartments | <u>-</u> | <u>-</u> | <u>13,025</u> | <u>13,025</u> |
| | <u>\$ 644,331</u> | <u>\$ 128,628</u> | <u>\$ 121,395</u> | 894,354 |
| Less - current portion | | | | 677,609 |
| Less - valuation allowance | | | | <u>216,745</u> |
| | | | | <u>\$ -</u> |

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

11. RELATED PARTY TRANSACTIONS (Continued)

| <u>2020</u> | <u>Developer Fee and Related Interest</u> | <u>Asset Management Fees</u> | <u>Other Operating and Construction Advances</u> | <u>Total</u> |
|----------------------------|---|--------------------------------------|--|----------------|
| Metro West CD | \$ - | \$ - | \$ 76,072 | \$ 76,072 |
| 1060 Belmont | - | 27,000 | 24,726 | 51,726 |
| SJHA | 74,592 | 95,781 | 2,307 | 172,680 |
| Glen Brook Way Apartments | 531,392 | - | 169,013 | 700,405 |
| Herring Brook Hill | - | - | 18,000 | 18,000 |
| | <u>\$ 605,984</u> | <u>\$ 122,781</u> | <u>\$ 290,128</u> | 1,018,883 |
| Less - current portion | | | | 809,403 |
| Less - valuation allowance | | | | <u>209,480</u> |
| | | | | <u>\$ -</u> |

Metro West CD, SJHA, SJH, LLC, Glen Brook Way Apartments, and GBW One entered into the following agreements:

Right of First Refusal

SJHA has granted a right of first refusal to Metro West CD to purchase St. Joseph Hall in the event that SJHA proposes to sell, transfer, assign, or ground lease all or substantially all of their interest in St. Joseph Hall after the expiration of the compliance period. Metro West CD will have thirty days to exercise its right at a price as defined in the agreement.

Glen Brook Way Apartments granted a right of first refusal to Metro West CD to purchase Glen Brook Way Phase I in the event that Glen Brook Way Apartments proposes to sell, transfer, assign, or ground lease all of or substantially all of its interest in Glen Brook Way Phase I after the expiration of the tax credit compliance period. Metro West CD will have forty-five days to exercise its right at a price as defined in the agreement.

Grant of Option

SJHA and Glen Brook Way Apartments have granted to Metro West CD an option to purchase St. Joseph Hall and Glen Brook Way Phase I, respectively, after the expiration of the compliance period for a purchase price equal to the greater of the sum of the principal amount of outstanding indebtedness secured by St. Joseph Hall and Glen Brook Way Apartments or the fair market value of St. Joseph Hall or Glen Brook Way Phase I, respectively, as defined in the agreement.

Guaranties Against Development and Operating Deficits

Metro West CD has guaranteed the payment of additional capital contributions to SJH, LLC to fund SJHA's operating deficits, if there are no sufficient funds in the operating reserve. Metro West CD also guaranteed the completion of the rehabilitation of St. Joseph Hall, payment of all development costs in excess of the rehabilitation budget, and compliance with all requirements of the IRC to qualify for low-income housing tax credits.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

11. RELATED PARTY TRANSACTIONS (Continued)

Guaranties Against Development and Operating Deficits (Continued)

Metro West CD had an unlimited liability under this agreement for development cost overruns. Metro West CD's liability for operating deficit capital contributions is limited as follows:

- If SJH, LLC fails to pay any operating deficit capital contributions attributable to the period before SJHA achieves five consecutive twelve-month periods of break-even operations, Metro West CD's liability for unpaid operating deficit capital contributions is limited to \$300,000. After that, Metro West CD has no liability for unpaid operating deficit capital contributions.

Metro West CD has also guaranteed the payment of additional capital contributions to GBW One to fund Glen Brook Way Apartments' operating deficits, if there are no sufficient funds in the operating reserve. Metro West CD also guaranteed the completion of the rehabilitation of Glen Brook Way Phase I, payment of all development costs in excess of the rehabilitation budget, and compliance with all requirements of the IRC to qualify for low-income housing tax credits.

Metro West CD had an unlimited liability under this agreement for development cost overruns. Metro West CD's liability for operating deficit capital contributions is limited as follows:

- If GBW One fails to pay any operating deficit capital contributions attributable to the period before SJHA achieves three consecutive twelve-month periods of break-even operations, Metro West CD's liability for unpaid operating deficit capital contributions is limited to \$400,000. After that, Metro West CD has no liability for unpaid operating deficit capital contributions.

Incentive Management Agreements

SJH, LLC is entitled to an incentive management fee for the services they render in connection with the day-to-day operations of SJHA. The fee is equal to 90% of available cash flow of SJHA, annually, subject to a cap of 8% of annual gross revenues, as defined in SJHA's operating agreement. The fee is non-cumulative and is earned and payable only to the extent of cash flow available, as defined in the operating agreement. There was no fee earned in 2021 and 2020.

GBW One signed an agreement with Glen Brook Way Apartments to provide management services for an annual compensation equal to \$24,000, which will escalate 3% annually. The annual management fee increases 3% each year. The fee is non-cumulative and is earned and payable only to the extent of cash flow available, as defined in the operating agreement. The agreement will commence in 2023.

12. COMMITMENTS AND CONTINGENCIES

Contingencies

Metro West CD has a conditional grant agreement with WSB for \$400,000 funded with an award from FHLB Affordable Housing Program (AHP) to fund the completion of St. Joseph Hall's construction. The grant is only payable if certain conditions are not met, as defined in the agreement. Metro West CD has met all conditions under this grant and expects to comply with the restrictions for the duration of the compliance period. If Metro West CD is in compliance with the terms as of August 19, 2028, the conditions expire and no further payments will be due.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

12. COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies (Continued)

Metro West CD entered into a conditional grant agreement with the Town of Medway for up to \$1,000,000, funded with \$500,000 under the Community Preservation Funding Agreement (CPA) and \$500,000 under the Affordable Housing Trust Agreement (AHTA) for Glen Brook Way Apartments. The grant is only payable if certain conditions are not met, as defined in the agreements. The agreement was amended during 2021 and increased to \$1,100,000. Metro West CD has received \$1,100,000 and \$650,000 as of December 31, 2021 and 2020, respectively. Under previous guidance, Metro West CD met all conditions under this grant and has recorded \$400,000 as capital grants. After the adoption of Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), it was determined since this award has varying affordable housing restrictions and right to return of funds, these are barriers to overcome and the remaining \$700,000 and \$250,000 as of December 31, 2021 and 2020, respectively, is recorded as a conditional grant advance liability until such time all barriers are overcome.

Metro West CD entered into a second conditional grant agreement with the Town of Medway for up to \$1,000,000, funded with \$500,000 under the CPA and \$500,000 under the AHTA for the development of GBW Senior Apartments. The grant is only payable if certain conditions are met, as defined in the agreements. Metro West CD has received \$200,000 as of December 31, 2021 and 2020, which is included conditional grant advances in the accompanying consolidating statements of financial position. No capital grant revenue has been recorded under this agreement.

Herring Brook Hill was awarded a conditional grant from the Town of Norwell - Norwell Community Housing Trust in the amount of \$1,300,000 under the Community Preservation Act Program in connection with acquisition and development of the Norwell Project. Herring Brook Hill has received \$1,300,000, the entire amount of the grant, as of December 31, 2021. Under previous guidance, Herring Brook Hill met all conditions under this grant and has recorded \$1,016,298 as capital grants. After the adoption of ASU No. 2018-08, it was determined since this award has varying affordable housing restrictions and right to return of funds, these are barriers to overcome and the remaining \$283,702 was recorded as a conditional grant advance liability until such time all barriers are overcome and is included in conditional grant advances in the accompanying consolidating statements of financial position.

During 2020 and continuing into 2021, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Organization's operations and financial position. As a result, the adverse impact COVID-19 will have on the Organization's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact, if any, would not be material.

Commitments

Glen Brook Way Apartments received the following commitments for construction and permanent financing of the Glen Brook Way Phase I:

- Conditional reservation by DHCD for \$999,900 of annual Federal LIHTC and \$600,000 of Massachusetts state LIHTC. These amounts are based upon DHCD's determination that these are the lowest amounts of tax credits necessary for the feasibility of the Glen Brook Way Phase I Project. This conditional reservation is subject to several requirements.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

12. COMMITMENTS AND CONTINGENCIES (Continued)

Commitments (Continued)

- Permanent financing loan with borrowings up to \$5,025,000 from MHP (see Note 6) for a twenty-year term with the annual interest rate of 4.38% is expected to close before the end of 2022. The loan will have a thirty-year amortization schedule and will be secured by the first mortgage on the property. There were no proceeds of the note received during December 31, 2021 and 2020.
- Metro West CD has a line of credit with repayment assistance program through a bank allowing borrowings up to \$207,912 to support Glen Brook Way Apartments, if needed, in lieu of an operating reserve. There were no borrowings from this line during December 31, 2021 and 2020.

GBW Senior Apartments received the following commitments for construction and permanent financing of the Glen Brook Way Phase II:

- Conditional reservation by DHCD for \$990,000 of annual Federal LIHTC and \$528,000 of Massachusetts state LIHTC. These amounts are based upon DHCD's determination that these are the lowest amounts of tax credits necessary for the feasibility of the Glen Brook Way Phase II Project. This conditional reservation is subject to several requirements.
- Subsequent to year end, GBW Senior Apartments signed a letter of intent with Stratford Capital Group in connection with receiving equity capital to be used for the development of Glen Brook Way Phase II.
- Subsequent to year end, MHP approved a permanent loan with borrowings up to \$4,000,000 for a twenty-year term with the annual interest rate of 5.58%. The loan will have a thirty-five year amortization schedule and will be secured by the first mortgage on the property.

13. MANAGEMENT AGREEMENT

SJHA and 1060 Belmont have an agreement with a management company to carry on the day-to-day operations of St. Joseph Hall and the Property. The management company receives a management fee of 5.33% of gross revenues, as defined in the agreement. This agreement is in effect until SJHA and 1060 Belmont or the management company terminate the agreement. The agreement can be terminated by either party with sixty days' written notice.

Herring Brook Hill signed an agreement with a property management company to carry on the day-to-day operations upon completion of the project in November 2019. The management company receives a management fee of 5.5% of gross rental income collected annually. This agreement is in effect until Herring Brook Hill or the management company terminate the agreement. The agreement can be terminated by either party with ninety days' written notice.

Glen Brook Way Apartments signed an agreement with a property management company to carry on the day-to-day operations upon completion of the project. Beginning in 2023, the management company will receive a management fee of up to \$24,000, increasing by 3% each year, as defined in the agreement. This agreement is in effect until Glen Brook Way Apartments or the management company terminate the agreement. The agreement can be terminated by either party with thirty days' written notice.

Total management fees paid to the management company were \$59,236 and \$55,241 for the years ended December 31, 2021 and 2020, respectively, and are shown as property management fee in the accompanying consolidating statements of functional expenses.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

14. CONCENTRATIONS

SJHA receives significant rent subsidies from the Watertown Housing Authority (WHA) for qualified tenants. The Organization has a contract with WHA to provide these subsidies through April 2028. The Organization earned \$287,655 and \$284,468 in rental subsidies during 2021 and 2020, respectively.

1060 Belmont has a contract with the Metropolitan Boston Housing Partnership (MBHP) which provides rent subsidies for qualified tenants through November 2025. 1060 Belmont earned \$129,741 and \$86,206 in rental subsidies during 2021 and 2020, respectively.

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the consolidating statements of financial position date, comprise the following at December 31, 2021 and 2020:

| | <u>2021</u> | |
|--|----------------------|---------------------|
| | <u>Metro West CD</u> | <u>Subsidiaries</u> |
| Cash | \$ 688,406 | \$ 122,564 |
| Current portion of due from related parties | 601,437 | 76,172 |
| Contract, program service and rent receivable, net | <u>290,812</u> | <u>23,420</u> |
| | 1,580,655 | 222,156 |
| Less - donor restricted cash | <u>(33,957)</u> | <u>-</u> |
| | <u>\$ 1,546,698</u> | <u>\$ 222,156</u> |
| | <u>2020</u> | |
| | <u>Metro West CD</u> | <u>Subsidiaries</u> |
| Cash | \$ 795,388 | \$ 185,541 |
| Current portion of due from related parties | 733,241 | 76,172 |
| Contract, program service and rent receivable, net | <u>123,445</u> | <u>12,504</u> |
| | 1,652,074 | 274,217 |
| Less - donor restricted cash | <u>(128,567)</u> | <u>-</u> |
| | <u>\$ 1,523,507</u> | <u>\$ 274,217</u> |

The Organization has a goal to maintain financial assets on hand to meet six months of normal operating expenses, including real estate development activities and lending commitments. The goal also applies to the normal operating expenses and capital expenditures of the Subsidiaries. Metro West CD has achieved this goal during 2021. The Subsidiaries have financial assets on hand to meet three months of normal operating expenses at December 31, 2021.

Metro West CD regularly monitors the availability of resources required to meet the operating needs of the rental properties. For purposes of analyzing resources available to meet general obligations over a twelve-month period, Metro West CD considers all expenditures related to the ongoing activities of operating rental housing to be general obligations, including the payment of debt service and contribution to reserves. The combined cash balance of the rental programs is not available to supplement Metro West CD's operations or other projects. Each project's liquidity must be evaluated individually.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

In addition to the financial assets available to the Subsidiaries to meet general obligations over the next twelve months, Metro West CD regularly conducts budget-to-actual variance analysis through its asset management function in order to identify liquidity concerns. In the event a rental property has an identified liquidity concern, Metro West CD works with its third-party property management company to correct the issue. Corrective measures include the possibility of Metro West CD providing the property with an operating deficit advance. Amounts included in certain reserves are used to fund certain operating and capital expenditures and repairs costs as they become due. Other reserves are required by various agreements and can be used appropriately as determined by the agreements.



AND SUBSIDIARIES

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

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December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors of
Metro West Collaborative Development, Inc. and Subsidiaries:

Report on the Consolidating Financial Statements

We have audited the accompanying consolidating financial statements of Metro West Collaborative Development, Inc. (a Massachusetts corporation, not for profit) and Subsidiaries, which comprise the consolidating statements of financial position as of December 31, 2020 and 2019, and the related consolidating statements of activities, changes in entities' equity (deficit), cash flows and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of Metro West Collaborative Development, Inc. and Subsidiaries as of December 31, 2020 and 2019, and the changes in their entities' equity (deficit) and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AAFCPAs, Inc.

Westborough, Massachusetts
May 27, 2021